

WESTERN CANADA CORRUPTION BAROMETER

The Extractive Sector – Executives' Perspective

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Transparency International Canada (TI Canada) is the Canadian chapter of Transparency International. Since its foundation in 1996, TI Canada has been at the forefront of the national anti-corruption agenda. In addition to advocating legal and policy reform on issues such as whistleblower protection, public procurement and corporate disclosure, we design practical tools for Canadian businesses and institutions looking to manage corruption risks, and serve as an anti-corruption resource for organizations across Canada.

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Laure Fournier	Joe Weiler
Susan Reisler	Claire Woodside

Author: Daniela Chimisso dos Santos, Invenient Solutions Consulting Ltd.

Design: Deana Oulianova, DIMA Design Studio

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Foreword

Canadian business is governed by rules and institutions to create a fair and ethical playing field, but there are gaps and vulnerabilities. This survey of extractive sector executives is a supplemental study to our *Western Canada Corruption Barometer – the Public’s Perspective*. In that study, we asked the Western Canadian public their thoughts on a range of sectors in government, civil society, and business. In this follow up study we profiled one sector with particular economic and social significance in Western Canada – the extractives sector.

One hundred executives of varying ranks across oil, gas, and mining responded to our survey and eight responded to follow up in-depth interviews. We sought to get an industry perspective on if corruption is an issue for businesses operating in Western Canada, what specific problem areas there may be, and how useful they find various transparency initiatives. Survey questions particularly aligned with TI Canada’s Mining For Sustainable Development (M4SD) programme, which focuses on mining license and permit transparency.

In comparing the public survey to the industry survey, we already see a stark divide in views. Forty-nine percent of the public perceives corruption as a problem in the oil and gas industry and 26% perceive corruption problems in mining. In contrast, extractive sector executives see their industries as relatively clean and best placed to lead any efforts against corruption that might arise. Executives hold this perspective despite government regulations that are meant to increase transparency and keep business practices fair. While executives in in-depth interviews endorsed rules to keep Canadian business clean, some were skeptical that rules really do prevent corruption. Surprisingly, none of those executives interviewed knew about the most recent federal government transparency initiative, the Extractive Sector Transparency Measures Act.

An area of particular contention rests with community, particularly Indigenous, consultations. Some interview respondents questioned the transparency of negotiation processes and the ethics of community contributions. To provide balance to this conversation, TI Canada invited Glenn Nolan to provide a guest column to comment on consultations and community payment. Mr. Nolan is a former Indigenous community chief and works in the mining industry. While Mr. Nolan’s contribution to this report provides perspective, TI Canada will endeavour to include Indigenous perspectives into future studies at an earlier stage.

As a G7 and OECD country, Canadians should expect strong rules and institutions to govern a fair business community, and thus the low perceptions of corruption expressed in this survey should be expected. However, the difference of opinion between the public and industry, as well as the vulnerabilities identified in interviews do warrant further analysis to see where business, government, communities and the public can keep the extractive industry fair and clean.

Paul Lalonde
Chair and President
Transparency International Canada

James Cohen
Executive Director
Transparency International Canada

Introduction

Transparency International Canada (TI Canada) contracted Leger to survey Western Canadians' – British Columbia, Alberta, and Saskatchewan – perceptions of and experiences with corruption. The objective of the survey was to understand Western Canadians' experiences with bribery and corruption and determine their engagement and willingness to fight against corruption. The results of the study are published in the accompanying report, *Western Canada Corruption Barometer: The Public's Perspective*.

Due to the importance of the extractives industry in Western Canada, the survey gave special attention to understanding how the Western Canadian extractive industry perceives itself. Businesses operating in Western Canada participated in a telephone survey where a total of 100 interviews were completed. Sixty-four percent of those interviewed were from the oil and gas industry, and 36% were from the mining industry. Sixteen respondents agreed to a follow-up telephone interview, and eight respondents completed in-depth interviews. Annex A and B set out the interview questions and the in-depth interview questions, respectively.

The focus on the extractives sector in the survey complements TI Canada's participation in a Transparency International global programme to improve the contribution of mining to sustainable social and economic development. The Mining for Sustainable Development (M4SD) Programme focuses on enhancing transparency and accountability in the award of mining-related permits and licenses in 15 countries. The national report for Canada was published in January 2018.¹ In that report, TI Canada assessed the approval of mine closure plans within Ontario. Further to the national report, TI Canada is expanding the research in the second phase of the M4SD programme, which began in summer 2018.

Key Findings

- The majority of executives (63%) do not consider corruption to be a big problem in Canada, and the vast majority (87%) perceives that corruption does not affect the private sector.
- Executives perceive corruption affecting federal political parties (55%), the federal government (55%) and Indigenous People's self-government bodies (54%). The private sector (13%) and the police (10%) are the two sectors considered by respondents to be the least affected by corruption.
- Executives perceive that the most common types of corruption are employees violating rules to advance their career or to advance private business interests.
- Respondents consider the government's efforts to fight corruption are unsuccessful, yet the majority of respondents were not familiar with relatively recent measures taken by the Federal government to increase transparency in the industry, namely the *Extractive Sector Transparency Measures Act*.
- Even though respondents do not believe corruption is a problem, executives acknowledge that the industry is marred with quid pro quo favours, and "friends of friends" seem to have an advantage.



Limitations

Surveys that analyze perceptions of corruption should be taken with caution, as they do not measure whether there is actual corruption in that geographic area or in that industry.² Perceptions and beliefs can be different from experiences, and they may not necessarily reflect the real amount or depth of corruption.³

The Extractives Sector in Western Canada

The extractives industry, inclusive of mining, quarrying,⁴ oil, and gas, is relatively important to the life of Western Canadians. In Alberta, the extractive industries have historically employed approximately 8% of the total labour force of the province, with a gradual decline of 2% in the last three years.⁵ The mining industry accounts for approximately 98% of total employment within the natural resources sector.⁶

Between 4-5% of Saskatchewanians were employed by the extractives industry in the past five years, while in British Columbia only 1% of the province is employed in the industry.⁷

From an economic perspective, the extractive sector contributes extensively to the economies of both Alberta and Saskatchewan, as can be seen in **Figure 1** below.⁸ For British Columbia, the extractive industry represents only a small portion of the GDP not amounting to 5%.

Figure 1

Percentage share of GDP – extractives industry per province (2013-2017)

	2013	2014	2015	2016	2017
Alberta	23.82%	27.07%	19.89%	16.98%	20.97%
British Columbia	3.91%	4.25%	3.05%	3.12%	3.80%
Saskatchewan	24.21%	25.10%	19.27%	15.83%	18.16%

In contrast, the natural resources sector accounts for 10.1% of the Canadian national GDP in 2016, with energy (including oil and gas extraction) sector accounting for 6.5% and mineral and mining industry representing 2.2% of GDP.⁹ For the past five years, 1-2% of all Canadians were employed in the mining, quarrying, and oil and gas extraction industries.¹⁰

Survey Respondents

One hundred executives from the extractive sectors were surveyed. Sixty-four percent of respondents were from the oil and gas industry, and 36% were from the mining industry. Sixteen respondents agreed to a follow-up telephone interview, and eight respondents completed in-depth interviews. Annex C sets out the respondents' profiles in detail.

- Almost one-third of respondents have the title of CEO or President, and nearly one fourth are either owners or partners of their organizations as can be seen in **Figure 2**.
- The company's headquarters of those interviewed were 64% in Alberta, 33% in British Columbia, and 13% in Saskatchewan, with the companies' operations located throughout Canada, with a high percentage of the businesses operating in Alberta (78%), and to a lesser extent in British Columbia (43%) and Saskatchewan (38%).¹¹
- **Figures 3** and **4** show the different sectors of both the oil and gas, as well as the mining industry, represented by the interviewed executives. In both industries, extraction, exploration, development and refining were included.

Figure 2
The position survey respondents hold in their company

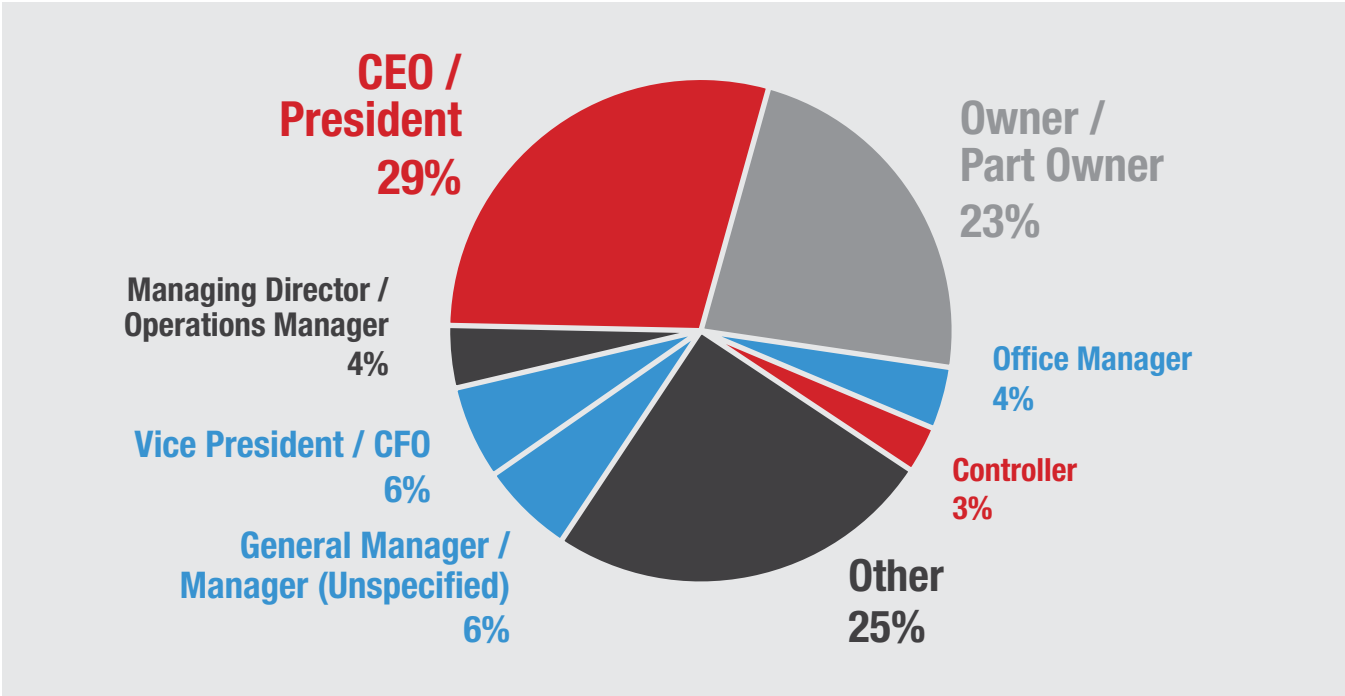




Figure 3
Companies: oil and gas activities

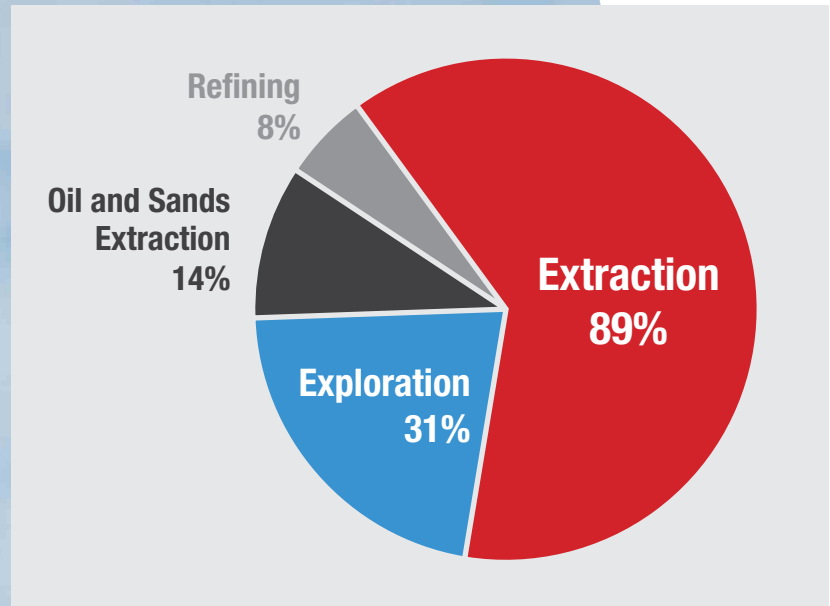
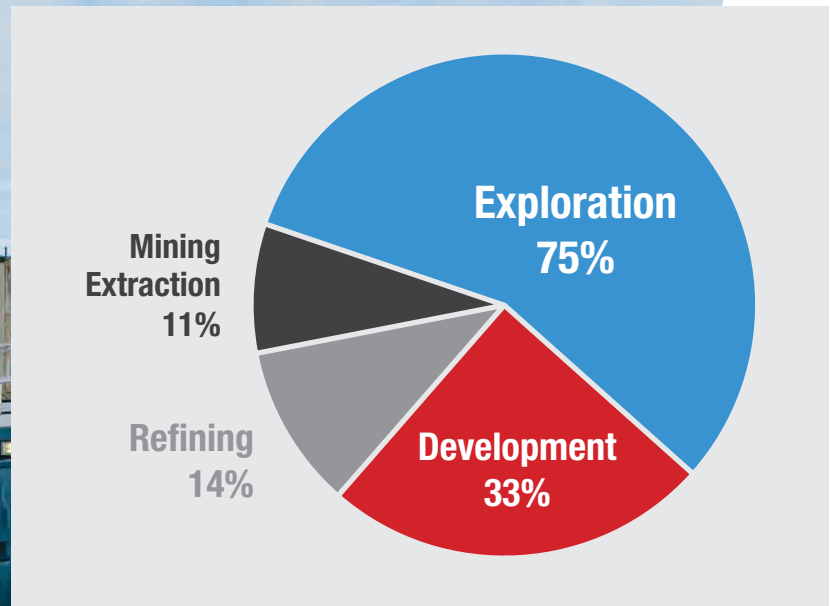


Figure 4
Companies: mining activities

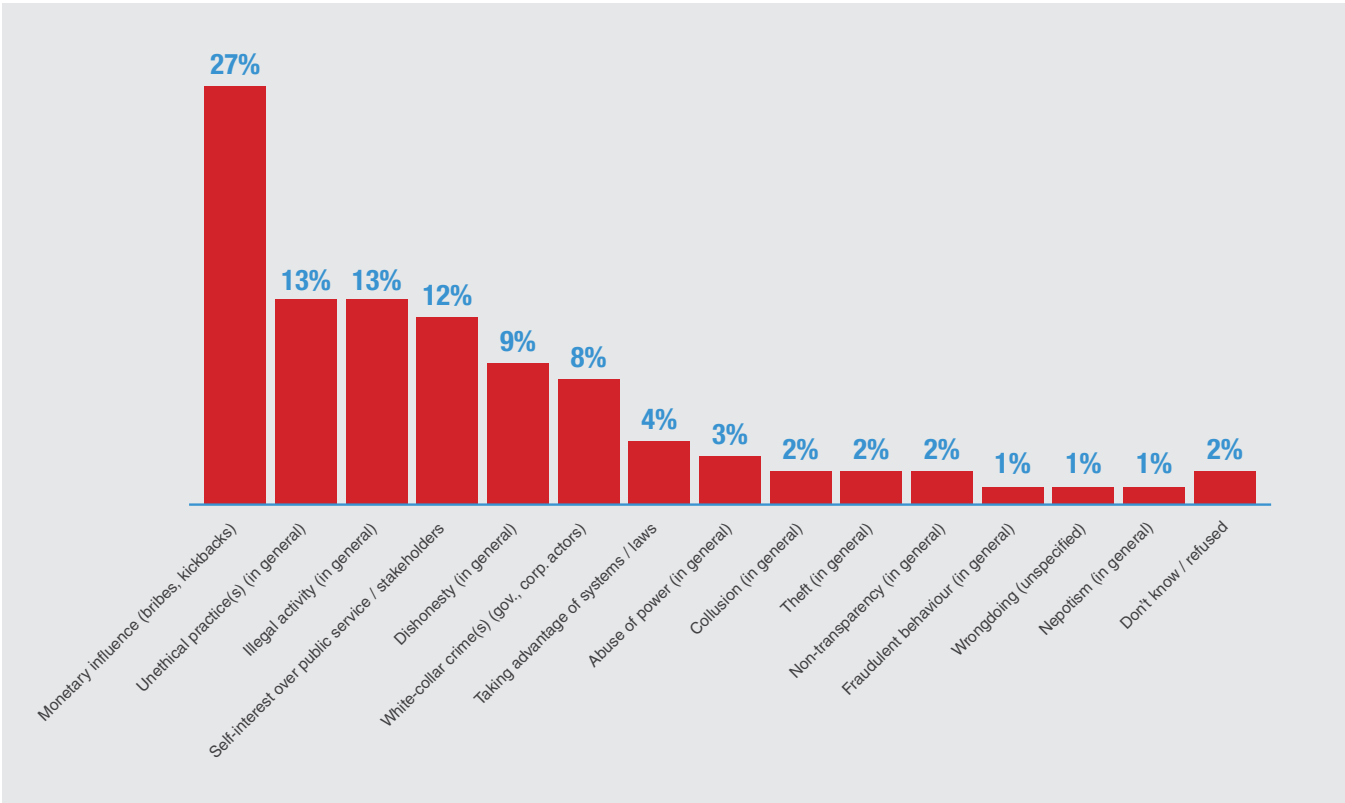


Survey Results

Extractive Executive's Perceptions of Corruption

Executives in the extractives sector define corruption in a myriad of ways, as can be seen in **Figure 5**. The four main definitions of corruption used are a monetary influence (bribes and kickbacks), unethical practices, illegal activity, and self interest over public service and stakeholders.

Figure 5
How do Western Canadian executives define corruption?



Even though one-third of the respondents interviewed considered corruption to be a big problem in the extractives industry in Western Canada, the majority believed that corruption was not a problem at all as shown in **Figure 6**.¹² In fact, executives considered that market volatility (81%), environmental regulations (56%), and recruiting the right talent (54%) were all more important than corruption.

The three main sectors of society that respondents perceived to be affected by corruption were federal political parties, the federal government and Indigenous self-governments. Below, **Figure 7** details the results.

The private sector was considered corruption-prone by only 13% of the respondents, with more than one-third of executives perceiving the private sector not to be affected by corruption at all. Only 12% of executives perceived mining to be affected by corruption. Despite the extractive sector's positive view of itself, one-quarter of executives do believe that the level of corruption in their industry has increased in the past two years. **Figure 8** details the results.

Figure 6

Is corruption a big problem in the extractives industry?

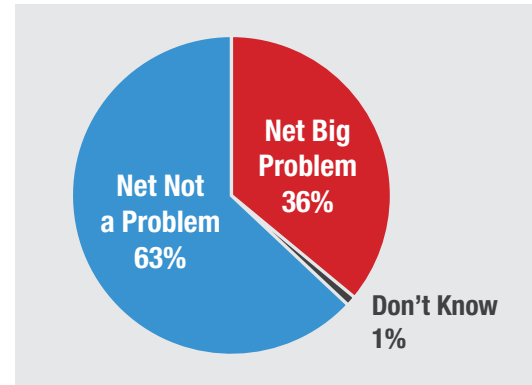


Figure 7

Sectors perceived to be affected by corruption

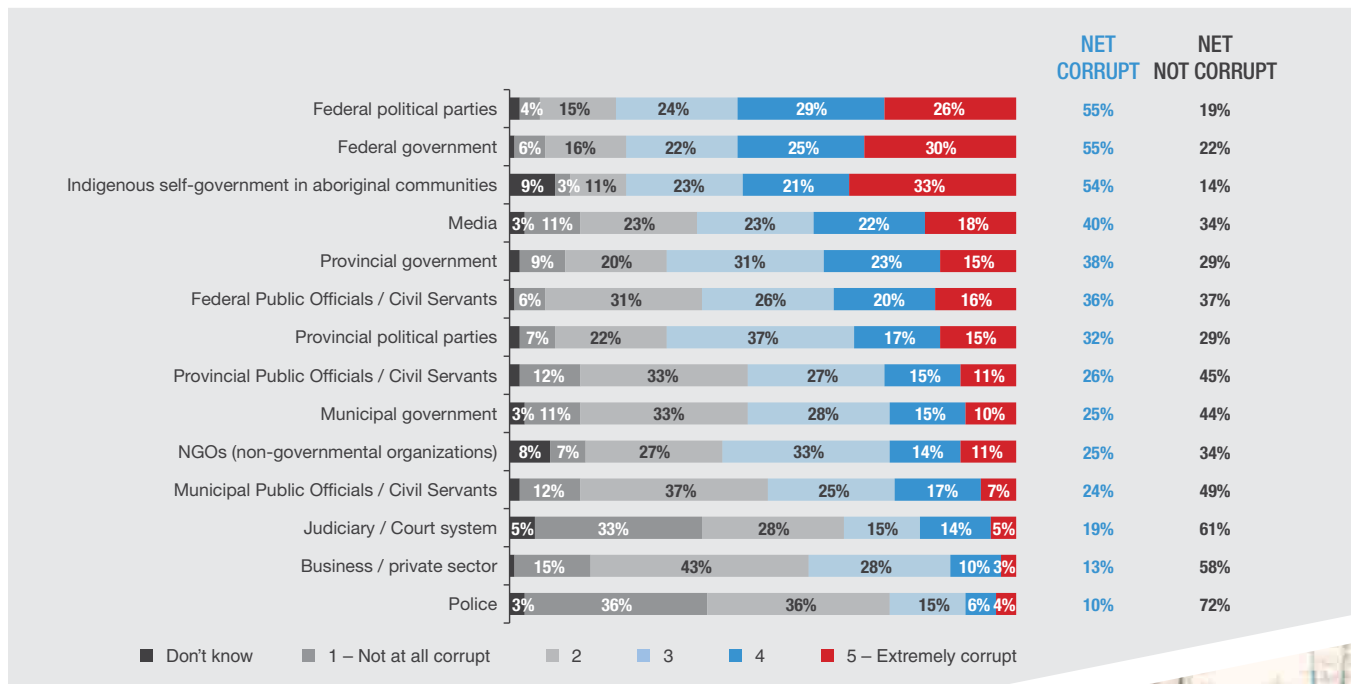
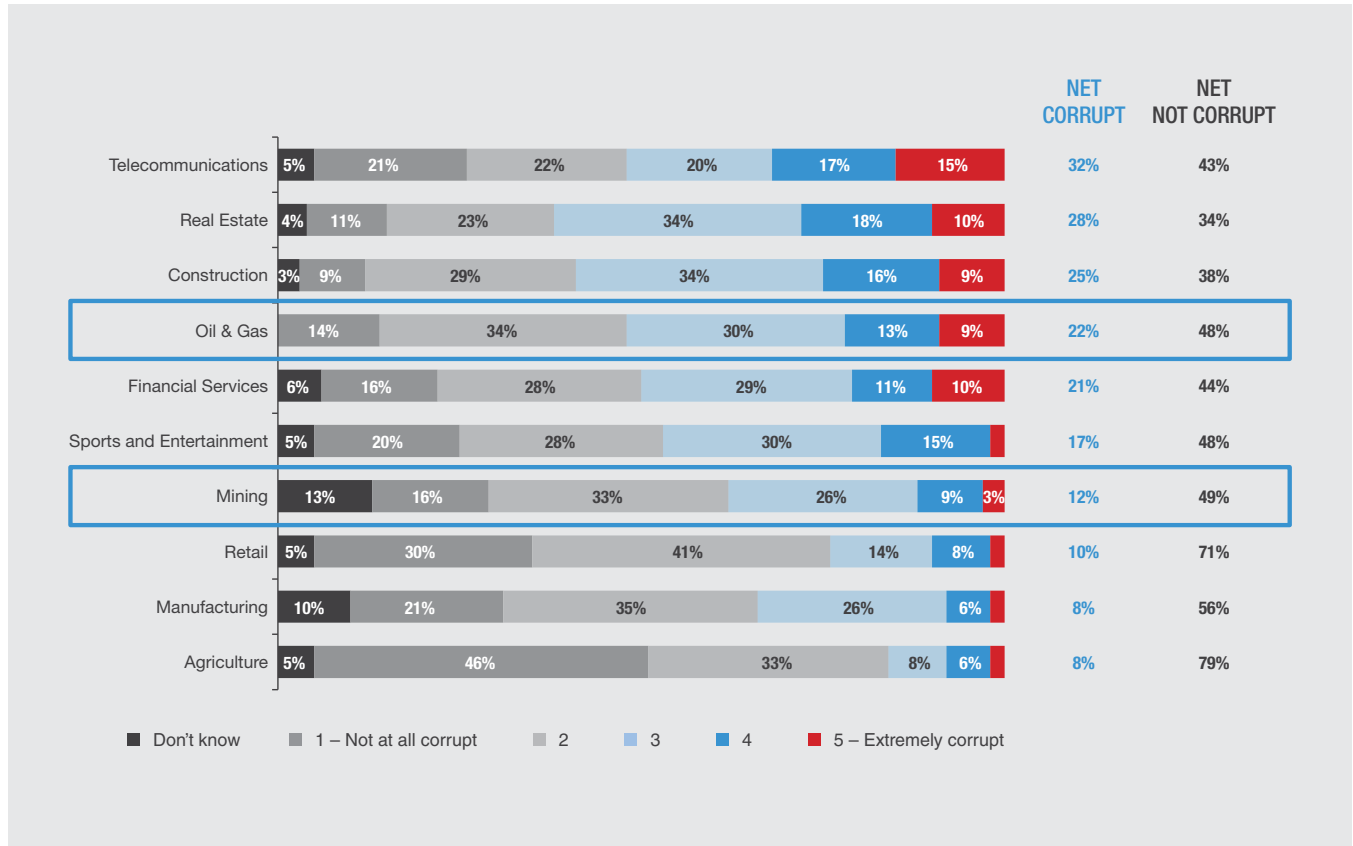
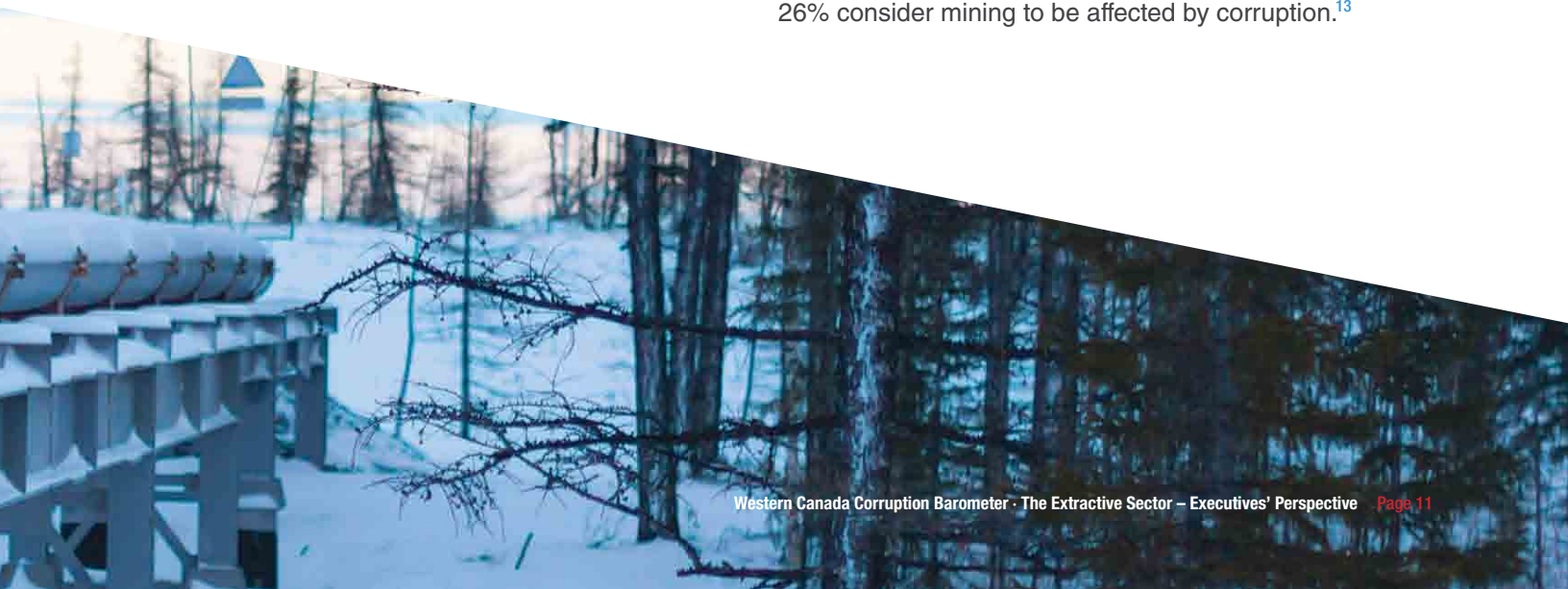


Figure 8

Within the business or private sector, how much is each of these industry sectors affected by corruption, in your opinion?



Even though the executives in the extractives industry do not perceive their industry as having a problem with corruption, 49% of Western Canadians surveyed in the *Western Canada Corruption Barometer* do consider that the oil and gas industry is affected by corruption, and 26% consider mining to be affected by corruption.¹³



Box 1

Holidays, meals out & golfing trips

Acknowledging that “friends of friends” have a leg up in the industry is par for the course for executives claiming that even though corruption is not a big problem, meals out, golfing trips, and holidays are paid in exchange of benefits. The following are selected quotes from interviews with executives.

“It’s usually the smaller companies, the larger companies are all above board. Smaller companies aren’t publicly traded, there are no reports, and audits and they have more control on the finance, so it’s easy to hide expenses. In government, I haven’t seen it in Canada except maybe for golfing trips or meals out. There’s a lot of meals bought in the industry.”

– Mining executive in Alberta

“It’s asking to be overbilled and getting paid on the side... being paid for expensive holidays in return for work.”

– Oil and gas executive in Saskatchewan

“The risk [of corruption] is low, because of the regulations in Canada. It’s not zero, because friends of friends always get a leg up.”

– Mining executive in Alberta

Corruption in the Extractives Sector

While extractives executives have a generally positive view of their industry’s integrity, they did acknowledge that some challenges are present.

The primary forms of corruption perceived by respondents are employees violating rules to advance their careers or to advance private business interests. Thirty-one percent of respondents considered that the most common form of corruption in the private sector is an employee abusing his or her authority to exploit subordinates.

In the oil and gas sector, 38% of executives believe that the industry suffers from the occurrence of bribes, while only 16% considered that mining suffers from bribes in any form.

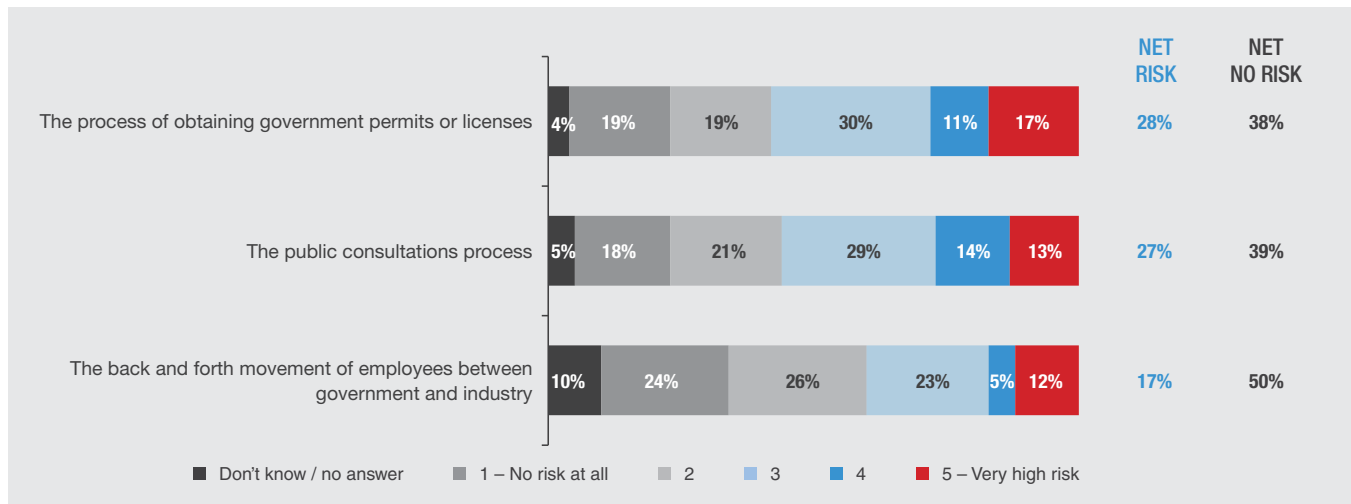
Respondents to the in-depth interviews further acknowledged that meals out, paid holidays and golfing trips are the way the industry does business (see **Box 1**).

Mining Awards and Licences

In alignment with TI Canada’s M4SD project, survey participants were asked about corruption risk in licence and permit processes. Extractive sector executives were also asked about contexts that could influence licence and permit processes, public consultation processes and the relationship between the extractive industry and government in terms of individuals moving between sectors. In all three questions, respondents did not perceive a high corruption risk as shown in **Figure 9**. Twenty-eight percent of respondents believed that the process of obtaining government permits or licenses is at risk for corruption, while 27% considered the public consultation process to be at risk, and 17% believed that the issue of a ‘revolving door’ between industry and government was a problem.¹⁴

Figure 9

To what extent would you say the following activities are at risk for corruption in your industry?



Respondents to the in-depth interviews had more nuance and were not consistent on whether the review processes for licences and permits are transparent. While interviews showed that executives believed that government processes are accessible, most of the respondents did not have personal knowledge regarding the transparency of the award process. As shown by the in-depth interviews, responses from executives include an acknowledgment that there is a lack of transparency once licence and permit applications reach government review. Two respondents believed that review processes are vulnerable, not necessarily to corruption, but gray areas of influence and political agendas. Another executive from Alberta believed corruption can be easily hidden in the public consultation process, stating: “It’s corrupt behind the scenes. If you want to mine for graphite in Airdrie tell the landowners to say no so they can get bribes, like a \$100,000 cash and a trip to Hawaii.”

Executives who were interviewed perceived junior companies as being more prone than majors to making illicit payments, such as paying bribes. Respondents suggested juniors are more prone as they may have fewer reporting and auditing requirements.

“Political interference is the biggest problem in our industry, when a permit is not awarded because of a political agenda.”

– Mining executive in British Columbia

Negotiating with Indigenous Peoples

The Crown (federal, provincial and territorial governments) has a duty to consult and accommodate First Nations, Inuit and Métis (Indigenous Peoples) when proposed projects can potentially adversely impact their constitutionally protected rights.¹⁵ The Supreme Court of Canada has recognized that the Crown's duties can be delegated to third parties, and in many cases, it is delegated to the private sector. Extractive sector executives believe that gray areas may exist when consultations occur regarding payments made to encourage Indigenous groups to participate in consultations, through the hiring practices of Indigenous Peoples, and through payments to obtain project approvals. Some comments from the in-depth interviews include the following:

“If you’re a director in a company and you pay bribes you can go to jail, but if you provide community benefit programs then you’re lauded. The risk is very low. Except for offering inducements to show up for consultation meetings to speed up the progress... technically it’s not proper but it’s not necessarily corruption. It’s a gray area.”

– Mining executive in British Columbia

“There are payments made to native groups because the natives didn’t want a public hearing. It’s not that common, but you hear a few stories occasionally.”

– Mining executive in Alberta

Executives also blame the government for the predicament that arises during negotiations with Indigenous Peoples.

“I’m asked all the time about it. I like to sleep at night. The government legalizes corruption.”

– Mining executive in Alberta

However, when asked specifically about the risk of corruption in the duty to consult, many executives responded that the process was “fine” and that due to the regulations it was easy to know who was consulted.





Guest commentary – Are payments made by mining companies to Indigenous communities corruption or good will?



The Path to Reconciliation

By Glenn Nolan,
Vice President, Government Affairs,
Noront Resource Ltd

I have had the opportunity to travel to many regions of the world where mining activities occur. What I have seen and experienced varies significantly depending on the country, regional governments and the local leadership. In some countries corrupt behavior is normalized. It is engrained throughout the government structure from the smallest village up to the highest office of the country and everything in between.

In Canada, it is my feeling that corruption is the exception and not the rule. There are federal and provincial laws that regulate how companies and government officials must behave when it comes to engaging together. Regulators such as the Toronto Stock Exchange (TSE) and Toronto Stock Exchange Ventures (TSXV) also add a layer of oversight.

Concerns, however, have been raised that payments made by corporations to communities, or the acceptance of those payments, as part of an agreement, could be construed as unethical or even a corrupt act.

As a former Chief of my community (nine years) and now as an executive for a junior mining company operating in Northern Ontario, I have experienced these two perspectives from both sides of a resource development coin.

When I served as Chief of the Missanabie Cree First Nation, located in North-eastern Ontario, I sometimes found it frustrating that corporations were wary of engaging my community, fearing that we might be demanding too much, especially too much money through a revenue sharing provision of any future agreement. It generally takes the building of trust between the two negotiating groups to overcome the feeling that one or both will be dealt a raw deal. Once relationship building was well established, then the company representatives and my community would begin to develop a plan to work together.

It was during those early stages of relationship building that my community would be able to share our story with the company. We were able to discuss our challenges and our aspirations for the future. During that time, we were able to convey our most important needs that did not get addressed with support from the federal government.

It was also during those discussions that my community learned of the challenges the company faced regarding funding, regulations and the project. We also learned of the scope of the project, and the opportunities that could be available from the project over time. The time together, before negotiations started, was critical in helping the company and my community have a better understanding of the limitations both parties have.

It is well known that Indigenous communities world-wide face substantial challenges when entering negotiations with resource development companies. They do not have access to adequate finances to hire experts, to travel, to prepare their team to sit across the negotiating table with the developers. Once corporations understand the financial challenges that most Indigenous communities face, many believe that supporting communities to participate on an even footing is important in order to have the best agreement to help advance the project.

In the case of my community, financial support from the resource developers allowed us to adequately prepare for meetings, secure experts to assist in evaluating financial considerations, procurement opportunities, employment and training and assisting in the implementation of an agreement. We were also able to be clear with the companies that my community wanted to participate in the project, not just as the recipient of cash payments as outlined in the 'agreement' but as a participant in servicing the project.

As a community led process, it was important that the membership needed to be fully apprised of the discussions, critical milestones reached or commitments made by the community or the company as they occurred as part of the final agreement. Once an agreement-in-principle was achieved, the community needed to endorse and ratify the agreement. Being transparent in what topics were being discussed while negotiations happened was an important part of building trust of the members. Community members needed to understand that the negotiations would benefit the community as a whole and not have individual or small groups of community members reaping more from the agreement.

The result is that my community receives direct financial benefits from negotiated agreement(s), and those financial payments are reported on in annual audited financial statements as well as newsletter updates.

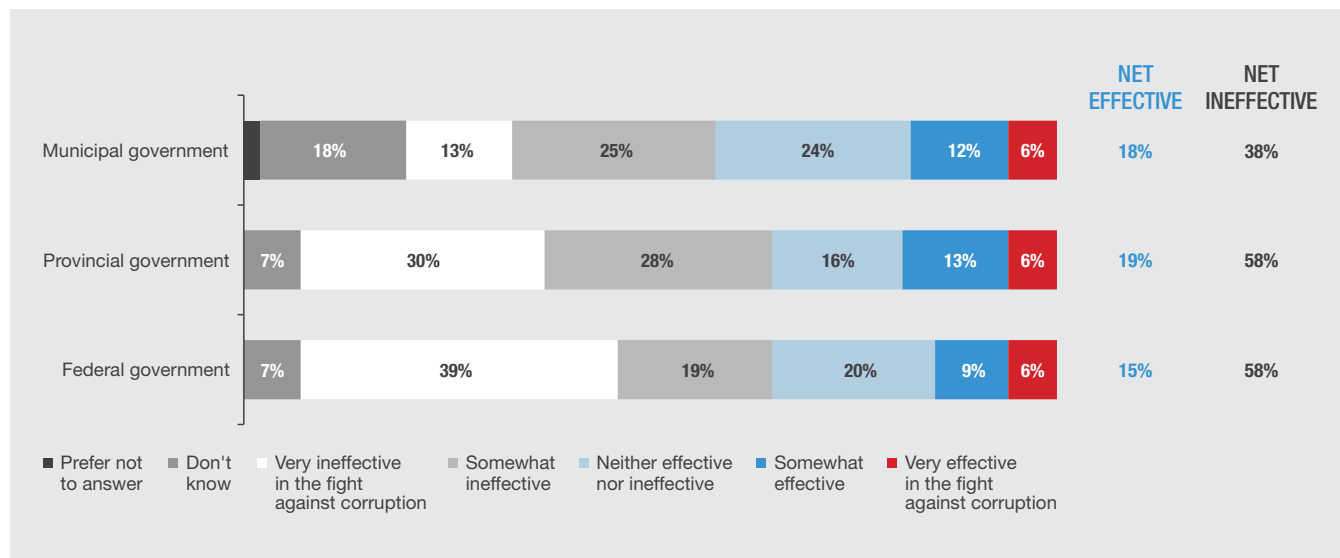
Financial payments made through meaningful and transparent negotiations can have significant positive impacts on communities. Financial payments are not hand-outs; they are not corrupt actions, but provide a leveling of the playing field for communities after decades of government neglect to fulfill their fiduciary obligations.

As communities become more aware of opportunities in resource development, they will build capacity and experience and develop a better understanding of the law and regulations that address corrupt and unethical practices. More transparency will be the result as corporations and community leaders work together in partnership on resource projects.

Fighting Corruption

More than one-third of executives perceive the current government's actions against corruptions as ineffective.

Figure 10
Perception on current government's actions against corruption



Executives trust the private sector more than anyone else to fight corruption.¹⁶ In contrast, for most Western Canadians the media and NGOs are the most trusted sectors to fight corruption.¹⁷ Those that consider the government to be ineffective were more likely to work in the oil and gas industry, be headquartered in Alberta and also believe that corruption is a problem in that industry.



Fighting Corruption in the Extractives Industry

In an effort to increase transparency in the extractives sector, the Canadian government recently introduced the *Extractive Sector Transparency Measures Act*¹⁸ (ESTMA), which came into force on June 1, 2015. ESTMA requires mandatory reporting of payments by Canadian companies that operate in the extractives sector to government-related entities and individuals that are equal to or exceed \$100,000. The mandatory reporting requirements apply broadly to Canadian companies listed on a Canadian stock exchange and private companies that meet certain thresholds.¹⁹ Failure to comply with ESTMA is punishable upon summary conviction with a fine of up to \$250,000 for every day of non-compliance.²⁰ The reporting of payments made to Indigenous governments was deferred for two years and came into effect as of June 1, 2017.²¹ Under ESTMA, companies are not required to disclose all terms of impact benefit agreements or other agreements entered into with Indigenous groups.²²

Even though ESTMA came into force in 2015 and two reporting rounds have been completed (2016 and 2017), only one respondent in the in-depth interviews was familiar with the legislation. After explaining the legislation, the respondents had mixed views about its effectiveness.

“ESTMA seems like common sense.”
– Mining executive in British Columbia

“ESTMA is needed. I support transparency and rules. It’s how we get ahead.”
– Mining executive in British Columbia

POSITIVE
NEGATIVE

“People can always hide payments.”
– Mining executive in Alberta

“I don’t know, but I’m guessing it’s not effective and the government is not enforcing.”
– Mining executive in Alberta

Discussion

Limitations in understanding corruption in the extractives sector

The respondents had minimal personal knowledge about the transparency of awards processes; therefore, the results do not provide enough information to determine whether corruption in this area may be an issue in Canada. The survey sheds little light on the risk of corruption between the multiple actors involved in the extractive sector, which includes government, communities, industries, and Indigenous Peoples self-government. To obtain a holistic perception of corruption and transparency in matters related to the duty to consult, for example, further research is needed. As TI Canada pursues Phase II of the M4SD Programme, new research in this area would be fruitful.

The concern with the Oil and Gas Sector

The Western Canada Corruption Barometer highlighted the concern that the public has with corruption in the oil and gas industry (50% perceived a corruption problem in the oil and gas sector), and to a much lesser extent in the mining industry as well (26%). The problem, however, is that the vast majority of industry insiders do not consider that corruption is a problem in their businesses. Understanding the reason for such a disconnect could provide further guidance as to the reality of the state of the industry. In fact, to fully understand the implications of the public's perception and to determine the depth and extent of corruption further research is recommended. As the industry's own view is that corruption has increased in the past two years, then it would be essential to explore further the oil and gas sector in Western Canada to investigate where the possible risks lie.

Conclusion

As both the oil and gas and mining industries are struggling to recover from a long-bust period, corruption risk has taken a back seat to problems such as market volatility and the increase in environmental regulations. Nevertheless, as the details of the survey show corruption, and the gray areas where it appears, is perceived to some extent in both industries in Western Canada. To fully understand its ramifications further research including institutional reviews of different sectors, policies, and laws is recommended. Furthermore, research exploring the perception of the members of mining communities, Indigenous Peoples, as well as government is advised.

Methodology Note

Context

Following a public call for tenders, in August 2018, Transparency International Canada contracted Leger to conduct a study across Western Canada to understand corruption in the lives of Western Canadians.

This multi-phased research was comprised of a survey of the general public in British Columbia, Alberta and Saskatchewan, and a survey and in-depth interviews with Western Canadian businesses in the mining / extraction industry.

The questionnaire used for the survey is based on Transparency International's Global Corruption Barometer. The survey questions were drafted in consultation between TI Canada and Leger.

The objectives of the study were to:

- Understand Western Canadians' views and perceptions on corruption in Canada
- Understand their experiences with bribery and corruption, if any
- Determine their engagement and willingness to fight against corruption

Data Collection for Extractives Sector Executives Survey

- A telephone survey was conducted with businesses operating in Western Canada.
- Respondents were screened to ensure that a manager-level or higher took part in the interview.
- Interviews took place between August 4th and September 6th.
- A total of 100 interviews were completed. Of these, 16 respondents showed interest in participating in a follow-up telephone interview.
- A total of 8 in-depth telephone interviews were completed.

Annex A: Survey Questions

SCREENERS AND QUOTAS

S1: May I please speak with someone in your company who would be responsible for government relations?

- Yes, that's me [CONTINUE]
- Someone else [ASK FOR RIGHT PERSON; RE-INTRO & S2]

S2: Which of the following best describes the business or industry your organization is in? Please stop me when I read the correct one.

- Agriculture
- Construction
- Financial Services
- Manufacturing
- Mining [SKIP + 1]
- Oil & Gas [CONTINUE]
- Real Estate
- Retail
- Sports and Entertainment
- Telecommunications [CONTINUE]

S3: [IF OIL & GAS] And, just to confirm, which of the following activities is your company involved in? [SELECT ALL THAT APPLY – MUST MENTION EXTRACTION]

- Oil & gas exploration
- Oil & gas extraction [CONTINUE, OTHERS TERMINATE]
- Oilsands extraction [CONTINUE, OTHERS TERMINATE]
- Refining

S4: [IF MINING] And, just to confirm, which of the following activities is your company involved in? [SELECT ALL THAT APPLY]

- Mining exploration
- Mining extraction
- Development
- Refining

S5: May I please have your job title? [RECORD EXACT]

S6: Record gender [DO NOT ASK]

- Male
- Female

S7: In which regions of the country are the headquarters of your company? [READ LIST, SELECT ALL THAT MUST BE SOMEWHERE IN CANADA, TERMINATE OUTSIDE CANADA]

- Northwest Territories
- Atlantic
- Quebec
- Ontario
- Manitoba
- Saskatchewan
- British Columbia
- Alberta
- National
- Outside Canada [TERMINATE]

S7A: [MUST BE AT LEAST IN ONE OF: BC, AB, SK, National – OTHERS TERMINATE]

In which regions of the country does your company operate?

[READ LIST, SELECT ALL THAT APPLY]

- Northwest territories
- Atlantic
- Quebec
- Ontario
- Manitoba
- Saskatchewan
- British Columbia
- Alberta
- National

Thank you. This survey will take approximately 10 minutes.

CONTEXT

1: In your opinion, how would you describe the following problems facing your industry?
 1 = A very big problem; 2 = A fairly big problem; 3 = Not a particularly big problem; 4 = Not a problem at all;
 9 = Don't know / No answer. **[ROTATE LIST]**

1. Resource scarcity
2. Recruiting the right talent
3. Market volatility
5. Environmental regulations
6. Corruption

DEFINITIONS

2: What does the term “corruption” mean to you? **[OPEN]**

PERCEPTIONS

Now I would like to ask you a few questions about corruption. In this survey we are using corruption to mean the abuse of entrusted power – by a public official or a businessperson for example – for private gain. This could include material gain or other benefits.

3: Over the past 2 years, how has the level of corruption in your industry sector in Canada changed?
[READ SCALE]

- | | |
|---|--|
| <input type="checkbox"/> 1 = Increased a lot | <input type="checkbox"/> 5 = Decreased a lot |
| <input type="checkbox"/> 2 = Increased a little | <input type="checkbox"/> 8 = Don't know |
| <input type="checkbox"/> 3 = Stayed the same | <input type="checkbox"/> 9 = No answer |
| <input type="checkbox"/> 4 = Decreased a little | |

4: How would you assess your current government's actions in the fight against corruption?

	Very effective in the fight against corruption	Somewhat effective	Neither effective nor ineffective	Somewhat ineffective	Very ineffective in the fight against corruption	DK/NA
a. Federal government	1	2	3	4	5	9
b. Provincial government	1	2	3	4	5	9
c. Municipal government	1	2	3	4	5	9

5: Whom do you trust the most to fight corruption in your industry? **[SINGLE ANSWER]**

- | | |
|--|---|
| <input type="checkbox"/> 1 = Government leaders | <input type="checkbox"/> 4 = Media |
| <input type="checkbox"/> 2 = Business / private sector | <input type="checkbox"/> 6 = Nobody |
| <input type="checkbox"/> 3 = NGOs – Non-governmental organizations | <input type="checkbox"/> 9 = Don't know |

6: To what extent do you perceive the following sectors in Canada to be affected by corruption?
[ROTATE SECTORS]

Sectors	Not at all corrupt					Extremely corrupt	DK/NA
a. Federal political parties	1	2	3	4	5	9	
b. Provincial political parties	1	2	3	4	5	9	
c. Federal government	1	2	3	4	5	9	
d. Provincial government	1	2	3	4	5	9	
e. Municipal government	1	2	3	4	5	9	
f. Indigenous self-government in aboriginal communities	1	2	3	4	5	9	
g. Police	1	2	3	4	5	9	
h. Business/ private sector	1	2	3	4	5	9	
i. Media	1	2	3	4	5	9	
j. Federal Public Officials / Civil Servants	1	2	3	4	5	9	
k. Provincial Public Officials / Civil Servants	1	2	3	4	5	9	
l. Municipal Public Officials / Civil Servants	1	2	3	4	5	9	
m. Judiciary / Court system	1	2	3	4	5	9	
n. NGOs (non-governmental organizations)	1	2	3	4	5	9	

7: Within the business or private sector, how much is each of these sectors affected by corruption, in your opinion? **[ROTATE LIST; SAME SCALE AS ABOVE]**

- Agriculture
- Construction
- Financial services
- Manufacturing
- Mining
- Oil & Gas
- Real estate
- Retail
- Sports and Entertainment
- Telecommunications

8: As far as you are aware, have any of the following activities occurred in the past 12 months within the following sector(s)? **[RECALL THREE SECTORS FROM PREVIOUS QUESTION, PLUS MINING AND OIL & GAS]**

	Yes	No	Probably but I don't know for sure	Don't know
Bribes paid in any form				
Employees claiming improper expenses				
Employees embezzling funds				
Employees stealing public property				
Employees violating rules in order to advance their careers				
Employees violating rules in order to advance private business interests				
Superiors abusing their authority to exploit subordinates				

9: To what extent do you perceive the following sectors in Canada to be affected by corruption?
[ROTATE SECTORS]

	Not risk at all			Very high risk	DK/NA
a. The process of obtaining government permits or licenses	1	2	3	4	5
b. The back and forth movement of employees between government and industry	1	2	3	4	5
c. The public consultations process	1	2	3	4	5

10: Below is a set of statements that describe opinions that some people may or may not have. They are not right or wrong, they are just opinions. Please tell us how much you agree or disagree with each statement.
[DO NOT ROTATE STATEMENTS]

	Disagree	Strongly disagree	Agree	Strongly agree
Ordinary people can make a difference in the fight against corruption	1	2	3	4
I would support my colleague or friend, if they fought against corruption	1	2	3	4
I could imagine myself getting involved in fighting corruption	1	2	3	4
I would report an incident of corruption	1	2	3	4

AWARENESS

11: Before today, had you ever heard of the organization Transparency International?
 [1 = Yes; 2 = No; 8 = Don't know; 9 = No response]

FIRMOGRAPHICS

I just have a few more questions to help us categorize your answers.

F1: How many employees does your company have at all your locations? Please only include full-time, permanent staff, not contractors or casual employees.

- Fewer than 10
- 10 to less than 100
- 100 to less than 500
- More than 500
- Don't know / refused

F2: How long has your company been in business?

- Less than 5 years
- 5 to less than 10 years
- 10 to less than 20 years
- More than 20 years
- Don't know / refused

F3: Approximately what is your company's total annual revenue?

- Less than \$5 million per year
- \$5 million to \$10 million per year
- \$10 million to \$25 million per year
- \$25 million to \$100 million per year
- More than \$100 million per year
- Don't know / refused

ADDITIONAL RESEARCH

R1: Finally, would you be interested in participating in follow-up research related to the topics covered in this survey? This would involve a brief, 15-20 minute telephone interview scheduled at your convenience.

- Yes
- No, thanks [SKIP TO END]

R2: [IF YES] May we please have the following information so we can contact you?

First name _____

Telephone number _____

Email _____

R3: What is the best time of day to reach you by telephone?

Annex B: Interview Questions

INTRODUCTION

1: “We’re talking to half a dozen managers across Canada who can share their observations and opinions about corruption in their industry.”

- No right or wrong answers
- Around 30 minutes
- Taking notes (i.e. not recorded)
- Respondent introduces themselves
 - / Current role
 - / Location
 - / Length of time in role

MINING ACTIVITIES

2: Are you involved in any of the following?

- Obtaining mining claims
- Obtaining mining leases

3: Can you describe your experience with...

- a. Negotiations with Indigenous Communities with respect to mining activities
- b. Any other public consultations with respect to mining activities

4: In your opinion, what are the main risks for corruption in your industry? [OPEN]

5: How would you rate the risk of corruption in... [SCALE: 0-10] [ASK ONLY IF INVOLVED IN ACTIVITY]

- 1. Obtaining mining claims
- 2. Obtaining mining leases

6: How transparent is the mining license and awards process in [British Columbia, Alberta, Saskatchewan]?

a. [PROBE ON RATING]

What are your reasons for your rating?

7: How transparent do you think duty to consult or public notices are? [SCALE 0-10]

a. [PROBE ON RATING]

What are your reasons for your rating?

8: How transparent is the [BC/Alberta/Saskatchewan] review process for mining claim and lease processes? [SCALE 0-10]

a. [PROBE ON RATING]

What are your reasons for your rating?

ESTMA

9: How familiar are you with ESTMA, or the Extractive Sector Transparency Measures Act? [SCALE 0-10]

10: To what degree do you support or oppose the introduction of ESTMA?

[0 = totally oppose; 10 = totally support]

a. [PROBE ON RATING]

What are your reasons for your rating?

11: In your opinion, how effective has ESTMA been as a deterrent to corruption in your industry? [SCALE 0-10]

a. [PROBE ON RATING] What are your reasons for your rating?

FINAL THOUGHTS

12: Do you have any other thoughts or suggestions for me about anything we discussed today?

Annex C: Respondent Profiles

Executives from Extractive Sector		n=100
Gender		
Male		76%
Female		24%
Company Headquarters*		
Alberta		64%
British Columbia		33%
Saskatchewan		13%
Ontario		3%
National		3%
Quebec		2%
Manitoba		1%
Northwest Territories		1%
Outside Canada		1%
Company Operations*		
		n=79
Alberta		78%
British Columbia		43%
Saskatchewan		38%
Manitoba		10%
Northwest Territories		6%
Ontario		5%
Atlantic		4%
Quebec		3%

*Multiple responses allowed.

Executives from Extractive Sector		n=100
Industry		
Oil & Gas		64%
Mining		36%
Oil & Gas Activities*		
		n=64
Oil & gas extraction		89%
Oil & gas exploration		31%
Oilsands extraction		22%
Refining		8%
Mining Activities*		
		n=36
Mining exploration		75%
Development		33%
Refining		14%
Mining extraction		11%
Job Title		
CEO / President		29%
Owner / Partner		23%
Office Manager		4%
Controller		3%
General Manager		3%
Manager (unspecified)		3%
Vice President		3%
CFO / Chief Financial Officer		3%
Managing Director		2%
Operations Manager		2%
Other		25%

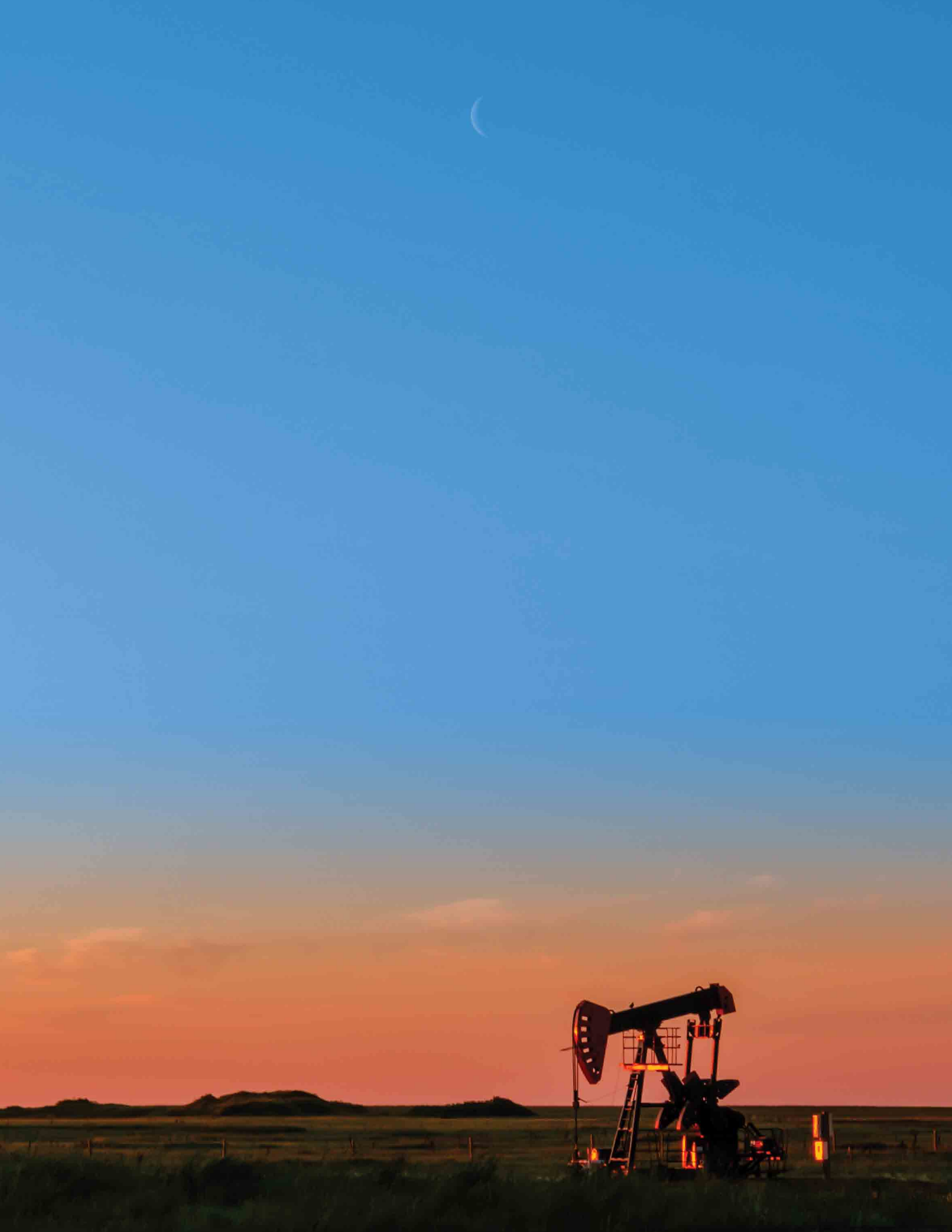
Executives from Extractive Sector		n=100
Company Employees		
Fewer than 10		59%
10 to less than 100		34%
100 to less than 500		4%
Don't know / refused		3%
Company Tenure		
Less than 5 years		7%
5 to less than 10 years		13%
10 to less than 20 years		37%
20 years or more		43%

Executives from Extractive Sector		n=100
Company Revenue		
Less than \$5 million per year		65%
\$5 million to less than \$10 million per year		10%
\$10 million to less than \$25 million per year		5%
\$25 million to less than \$100 million per year		3%
\$100 million per year or more		1%
Don't know / refused		16%



References

- 1 “Mining for Sustainable Development: National Report” (Transparency International – Canada: Toronto, 2018).
- 2 Miller, William L. “Perceptions, Experience and Lies: What Measures Corruption and What Do Corruption Measures Measure?” In *Measuring Corruption*, edited by Charles Sampford, Arthur Shacklock, Carmel Connors, and Fredrik Galtung, 163–85. Aldershot: Ashgate, 2006.
- 3 Trapnell, Stephanie E. *User’s Guide to Measuring Corruption and Anti-Corruption* (New York: UNDP, 2015).
- 4 Quarrying is included in the numbers provided by Statistics Canada. The Leger survey did not include quarrying as part of the survey.
- 5 Statistics Canada, “Labour force characteristics by industry, annual x 1,000), Table: 14-10-0023-01, online: <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002301>> [Statistics Canada, Labour].
- 6 *Ibid.*
- 7 *Ibid.*
- 8 Statistics Canada, “Gross domestic product (GDP) at basic prices, by industry provinces and territories, percentage share,” Table: 36-10-0400-01, online: <<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=361004001&pickMembers%5B0%5D=1.9>>
- 9 Ian Alexander et al., “Provincial and territorial natural resource indicators, 2009 to 2016” (June 27, 2018), online: <<https://www150.statcan.gc.ca/n1/pub/13-604-m/13-604-m2018088-eng.htm>>.
- 10 Statistics Canada, Labour, *supra* note 5.
- 11 Note that multiple answers were allowed and, therefore, numbers will not total 100%.
- 12 Note that those executives whose companies have been in business for more than twenty years were more likely to think corruption was not a problem at all.
- 13 Western Canada Corruption Barometer – The Public’s Perspective (Transparency International – Canada: Toronto, 2018) [Barometer]
- 14 Revolving door mechanisms are the transfer of public sector employees to private sector roles and vice versa.
- 15 The Canadian Chamber of Commerce, “Seizing six opportunities for more clarity in the duty to consult and accommodate process” (September 2016) at p. 3, online: <<http://www.chamber.ca/media/blog/160914-seizing-six-opportunities-for-more-clarity-in-the-duty-to-consult-and-accommodate-process/>>.
- 16 Thirty-eight percent of respondents considered municipal government to be ineffective, while 58% considered the provincial and the federal governments to be ineffective. In contrast, 43% of respondents thought that the private sector is the best sector to fight corruption.
- 17 Barometer, *supra* note 13.
- 18 *Extractives Sector Transparency Measures Act*, SC 2014, c 39.
- 19 *Ibid.*
- 20 *Ibid.*
- 21 Natural Resources Canada, *Information Sheet – Extractive Sector Transparency Measures Act* (Information Sheet) (April 2017), online: <<https://www.nrcan.gc.ca/mining-materials/estma/18184>>.
- 22 *Ibid.*





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