

Fraser Institute Annual Survey of Mining Companies, 2019

by Ashley Stedman, Jairo Yunis, and Elmira Aliakbari

This report presents the results of the Fraser Institute's 2019 annual survey of mining and exploration companies. The survey is an attempt to assess how mineral endowments and public policy factors such as taxation and regulatory uncertainty affect exploration investment. The survey was circulated electronically to approximately 2,400 individuals between August 20th to November 8th, 2019. Survey responses have been tallied to rank provinces, states, and countries according to the extent that public policy factors encourage or discourage mining investment.

We received a total of 263 responses for the survey, providing sufficient data to evaluate 76 jurisdictions. By way of comparison, 83 jurisdictions were evaluated in 2018, 91 in 2017, 104 in 2016, and 109 in 2015. The number of jurisdictions that can be included in the study tends to wax and wane as the mining sector grows or shrinks due to commodity prices and sectoral factors.

Like last year's survey, this year's survey also includes an analysis of permit times.

The Investment Attractiveness Index takes both mineral and policy perception into consideration

An overall Investment Attractiveness Index is constructed by combining the Best Practices Mineral Potential index, which rates regions based on their

geologic attractiveness, and the Policy Perception Index, a composite index that measures the effects of government policy on attitudes toward exploration investment. While it is useful to measure the attractiveness of a jurisdiction based on policy factors such as onerous regulations, taxation levels, the quality of infrastructure, and the other policy related questions that respondents answered, the Policy Perception Index alone does not recognize the fact that investment decisions are often sizably based on the pure mineral potential of a jurisdiction. Indeed, as discussed below, respondents consistently indicate that approximately 40 percent of their investment decision is determined by policy factors.

The top

The top jurisdiction in the world for investment based on the Investment Attractiveness Index is Western Australia, which moved up from 2nd place in 2018. Finland moved into 2nd place after ranking 17th the previous year. Nevada moved down two spots from 1st in 2018 to 3rd in 2019. Alaska ranked 4th this year, and Portugal improved from 46th in 2018 to 5th in 2019. Rounding out the top 10 are South Australia, the Republic of Ireland, Idaho, Arizona, and Sweden.

The bottom

When considering both policy and mineral potential in the Investment Attractiveness Index, Tanzania ranks as the least attractive jurisdiction in the world for investment. This year, Tanzania replaced Venezuela as the least attractive jurisdiction in the world. Also in the bottom 10 (beginning with the worst) are Argentina: Chubut, Argentina: La Rioja, Guatemala, Dominican Republic, Zambia, Venezuela, the Democratic Republic of Congo, Mali, and Nicaragua.

Policy Perception Index: A “report card” to governments on the attractiveness of their mining policies

While geologic and economic considerations are important factors in mineral exploration, a region’s policy climate is also an important investment consideration. The Policy Perception Index (PPI), is a composite index that measures the overall policy attractiveness of the 76 jurisdictions in the survey. The index is composed of survey responses to policy factors that affect investment decisions. Policy factors examined include uncertainty concerning the administration of current regulations, environmental regulations, regulatory duplication, the legal system and taxation regime, uncertainty concerning protected areas and disputed land claims, infrastructure, socioeconomic and com-

munity development conditions, trade barriers, political stability, labor regulations, quality of the geological database, security, and labor and skills availability.

The top

Finland displaced Saskatchewan from the top spot this year with the highest PPI score of 100. Finland was followed by the Republic of Ireland in the second place, which moved from 4th in the previous year. Along with Finland and Ireland the top 10 ranked jurisdictions are Nevada, Utah, Western Australia, Alberta, Idaho, Newfoundland and Labrador, Saskatchewan, and Arizona.

The bottom

The 10 least attractive jurisdictions for investment based on the PPI rankings (starting with the worst) are Venezuela, Zimbabwe, Tanzania, Argentina: Chubut, Argentina: Mendoza, Bolivia, the Democratic Republic of Congo (DRC), Zambia, Guinea (Conakry), and Argentina: La Rioja.



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