

# Fraser Institute Annual Survey of Mining Companies, 2018

by Ashley Stedman and Kenneth P. Green

This report presents the results of the Fraser Institute's 2018 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 2,600 individuals between August 21st and November 9<sup>th</sup>, 2018. Survey responses have been tallied to rank provinces, states, and countries according to the extent that public policy factors encourage or discourage mining investment.

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We received a total of 291 responses for the survey, providing sufficient data to evaluate 83 jurisdictions. By way of comparison, 91 jurisdictions were evaluated in 2017, 104 in 2016, 109 in 2015, and 122 in 2014. 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.

This year's survey includes an analysis of permit times, which was previously evaluated in a separate publication.

### *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 Nevada, which moved up from 3rd place in 2017. Western Australia moved into 2nd place after ranking 5th in the previous year. Saskatchewan moved down one spot from 2nd in 2017 to 3rd in 2018. Quebec ranked 4th this year, and Alaska improved from 10th in 2017 to 5th in 2018. Rounding out the top 10 are Chile, Utah, Arizona, Yukon, and Northwest Territories.

### The bottom

When considering both policy and mineral potential in the Investment Attractiveness Index, Venezuela ranks as the least attractive jurisdiction in the world for investment. This year, Venezuela replaced the Guatemala as the least attractive jurisdiction in the world. Also in the bottom 10 (beginning with the worst) are Neuquen, Nicaragua, Guatemala, Panama, China, Ethiopia, Dominican Republic, La Rioja, and Bolivia.

### 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 83 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 community development conditions, trade barriers, polit-

ical stability, labor regulations, quality of the geological database, security, and labor and skills availability.

### The top

Saskatchewan displaced Ireland from the top spot this year, and had the highest PPI score of 100. Saskatchewan was followed by Nevada in second, which moved up from 5th in the previous year. Along with Saskatchewan and Nevada the top 10 ranked jurisdictions are Finland, Ireland, Western Australia, Northern Ireland, Sweden, Utah, New Brunswick, and Quebec.

### The bottom

The 10 least attractive jurisdictions for investment based on the PPI rankings are (starting with the worst) Venezuela, Democratic Republic of Congo (DRC), Neuquen, Chubut, Philippines, Guatemala, La Rioja, Zimbabwe, Bolivia, and China. Venezuela, Democratic Republic of Congo, Chubut, Philippines, Guatemala, Zimbabwe, Bolivia, and China were all in the bottom 10 jurisdictions last year.



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