

Fraser Institute Survey of Mining Companies, 2015

by Taylor Jackson and Kenneth P. Green

This report presents the results of the Fraser Institute's 2015 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 over 3,800 individuals between September 15th and November 27th, 2015. Survey responses have been tallied to rank provinces, states, and countries according to the extent that public policy factors encourage or discourage investment.

A total of 449 responses were received for the survey, providing sufficient data to evaluate 109 jurisdictions. By way of comparison, 122 jurisdictions were evaluated in 2014, 112 in 2013, 96 in 2012/2013, and 93 in 2011/2012.

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 of-

ten sizably based on the pure mineral potential of a jurisdiction. Indeed, respondents consistently indicate that roughly only 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 to first from fourth in 2014. Saskatchewan remained in second place this year. Nevada dropped to third, after Western Australia displaced it as the most attractive jurisdiction in the world. Ireland moved up 10 spots into fourth place. Rounding out the top ten are Finland, Alaska, Northern Territory, Quebec, Utah, and South Australia.

The bottom

When considering both policy and mineral potential in the Investment Attractiveness Index, the Argentinian province of La Rioja ranks as the least attractive jurisdiction in the

world for investment. La Rioja replaced Venezuela as the least attractive jurisdiction in the world. The complete list of bottom 10 jurisdictions (beginning with the worst) are La Rioja, Venezuela, Honduras, Greece, Solomon Islands, Chubut, Guinea (Conakry), Kenya, Mendoza, and Rio Negro.

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 109 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, political stability, labor

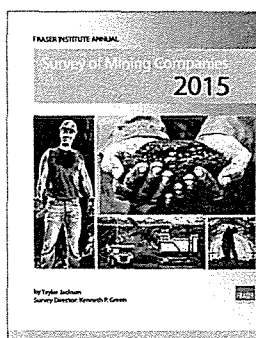
regulations, quality of the geological database, security, and labor and skills availability.

The top

For the third year in a row, Ireland had the highest PPI score of 100. Wyoming, in second place, followed Ireland; it moved up from 9th place the previous year. Along with Ireland and Wyoming the top 10 ranked jurisdictions are Sweden, Saskatchewan, Finland, Nevada, Alberta, Western Australia, New Brunswick, and Portugal.

The bottom

The 10 least attractive jurisdictions for investment based on the PPI rankings are (starting with the worst) Venezuela, Myanmar, La Rioja, Zimbabwe, Chubut, Neuquen, Niger, Kyrgyzstan, Rio Negro, and Honduras. Kyrgyzstan, Zimbabwe, and Venezuela were all in the bottom 10 jurisdictions last year. Four out of the 10 lowest rated jurisdictions based on policy were Argentinian provinces. Displaced from the bottom 10 in 2015 were Philippines, Bolivia, Ecuador, Mendoza, and Mongolia.



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Regional Median Investment Attractiveness Scores 2011-2015

