BENEFITS & COSTS
of the Proposed
Prosperity Gold-Copper Mine Project

- Summary of Key Points -

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- The Prosperity project would have adverse environmental and social impacts. A central question for decision-makers is whether the project would offer net economic benefits, and if so, whether they would be of a magnitude that would offset the adverse effects.

THE ENVIRONMENTAL IMPACT STATEMENT

- The economic impacts that Taseko presents in its Environmental Impact Statement (EIS) and that the BC Environmental Assessment Office (BCEAO) included in its report on the project do not indicate whether and to what extent the Prosperity project would generate net economic benefits, as economists define that term.

BENEFITS

- Employment impacts indicate the number of jobs a project would generate; they do not indicate the *incremental* income or other benefits of those jobs relative to what those hired would otherwise be doing.

- Government revenue impacts indicate the amount of taxes companies and workers may pay; they do not indicate the *incremental* revenues governments would receive nor do they net out the incremental expenditures government would incur.

- There would be some economic benefits as a result of the employment, business activity and taxes generated by the Prosperity project. However, given the outlook for skilled labour shortages in the medium and longer term, plus the expectation that the economy generally functions well over the long term, plus the timing of the corporate tax payments over the life of the project, the benefits would be much smaller than the amounts presented in the EIS and the BCEAO report.

- Based on information provided in the EIS, the economic benefits of the Prosperity project might total some $18 to $19 million per year – $7 to $8 million in incremental income due to the employment opportunities at the mine and a levelized average $11 million in incremental tax revenues.

- **On the other hand, the quantifiable net costs of the project would significantly exceed those estimated benefits.**

(see over)

Costs

- A very significant economic cost would result from the electricity required for the project – a cost not addressed in the EIS or BCEAO report. The average amount the mine would pay for the 700 gigawatt hours of electricity it would consume each year is less than half the incremental cost BC Hydro would incur to provide the electricity. The loss to BC Hydro, and therefore cost imposed on all of its customers, would amount to some $35 million per year, possibly much more. There would in addition be the environmental costs associated with the development of incremental electricity supply.

- The economic cost due to the mine's electricity consumption in itself is greater than the estimated economic benefits from the employment, taxes and business activity generated by the project.

- There would also be a cost imposed on British Columbians due to the mine's GHG emissions, emissions that would have to be fully offset for the province to meet its fixed total emission targets.

- The information in the EIS suggests that rather than an overall net benefit, the project would generate quantified net costs of some $20 million per year over the life of the mine. There would as well be the very significant non-quantified environmental, cultural and social costs of great concern to the affected First Nations and others.

Conclusion

- In summary, the available information suggests that the project would generate significant net costs for British Columbians and Canadians as a whole. There would be increased opportunities and related benefits within the region. However, there is no evidence to suggest the project would generate positive net benefits overall.