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December 22, 2014

VIA EMAIL/MAIL

**THE HONOURABLE DAVID EMERSON, P.C.**

Chair, Canada Transportation Act Review Panel  
c/o Canada Transportation Act Review Secretariat  
350 Albert Street, Suite 330  
Ottawa, ON  
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**SUBMISSION OF TASEKO MINES LIMITED TO THE CANADA TRANSPORTATION ACT REVIEW PANEL**

We are pleased to present this submission to the *Canada Transportation Act* Review Panel. We look forward to the results of the Panel's work and express our best wishes to the members of the Panel in this important assessment of the national transportation system, which has such significant ramifications for Canada's economy.

**Background**

In addition to its interests in development properties in British Columbia and elsewhere, Taseko Mines Limited ("Taseko") is the operator and 75% owner of the Gibraltar copper-molybdenum mine ("Gibraltar") located in south-central British Columbia. Gibraltar produces significant quantities of copper concentrate and molybdenum concentrate ("Concentrates"). The Concentrates are shipped via rail to North Vancouver, BC where Kinder Morgan's Vancouver Wharves Terminal ("Vancouver Wharves") receives railcars loaded with Concentrates and transfer those loads of Concentrates onto ocean-going vessels for furtherance to destination.


In 2014, the Gibraltar Mine shipped roughly 230,000 tons through Vancouver Wharves.

Taseko currently employs approximately 700 people, of whom approximately 96% are located in various communities in south-central British Columbia. These are all high-paying jobs that support the communities in which Taseko's employees live and work. Accordingly, we are a significant contributor to the economies of British Columbia and Canada, in 2014 our revenues will be approximately \$550 million.

While we face significant challenges in respect of the rail transportation of our Concentrates, including a lack of effective rail competition, we face even greater challenges resulting from a lack of competition for the provision of port terminal services, which are the focus of this submission.

**The Need for Port Competition**

Canada's marine port terminal system is characterized by a lack of competition between port terminals in many instances. In particular, other than Vancouver Wharves, no other terminal exists on the west coast of British Columbia except a small facility in Stewart, British Columbia that is able to provide port terminal services in respect of Concentrates destined for Asian markets. Accordingly, we are entirely dependent on Vancouver Wharves in order to access Asian markets, which are the most important markets for our product. As a result, Vancouver Wharves is able to exercise its market power in handling the Concentrates, which manifests as rates above and levels of service below those that would prevail under conditions of effective competition. The



consequence to Taseko is that we pay higher costs than necessary for this service, with far less reliability than we expect, thus putting our business at risk to a greater degree than would prevail if we had some choice or a mechanism to replicate competitive choice.

The Government of Canada has acknowledged the lack of competition between rail carriers in Canada, and has implemented certain surrogates for competition, including final offer arbitration (“FOA”) and other remedies. These remedies, which could be made to work much better and with fewer barriers, are the small price that railways pay for their privileged monopoly position. However, no such remedies exist to address the lack of competition for port services for products such as our Concentrates.

### **Recommendation**

In a modern economy, competitive market forces bring about the best and most efficient allocation of resources resulting in better services at prices any competitive business faces. Canada can achieve these objectives, and greater productivity from those resources, by constructing mechanisms to require the provision of transportation services, including port terminal services, on a basis that replicates the benefits of competition. Competition between port terminals will not naturally arise under present circumstances. Mechanisms similar to what we see prevail in rail transportation policy would allow shippers to produce and export their goods at rates simulating competitive conditions of service.

We believe this Panel has an excellent opportunity to acknowledge and address the current lack of competition for port terminal services. Accordingly, we urge the Panel to recommend implementation of a regulatory mechanism, perhaps similar in nature to FOA, that users of a terminal could trigger to bring about handling rates and levels of service that would prevail in competitive circumstances.

We would be pleased to provide such further information, and participate in such further consultations, as the Panel may request.

Yours truly,

**TASEKO MINES LIMITED**



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cc : Bill Bennett, Minister of Mines, British Columbia  
Teresa Wat, Minister of International Trade, British Columbia  
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