

## Marathon Chamber of Commerce Submission to the Joint Review Panel

Marathon & District Chamber of Commerce  
Marathon Ontario Postal Code, P0T 2E0  
Ontario P.O. Box 1439  
President Dr. George C Macey  
<email address removed>

***Mail: MarathonMine.Review@ceaa-acee.gc.ca***

Colette Spagnuolo  
Panel Co-Manager  
Marathon Joint Review Panel Secretariat  
160 Elgin Street, 22nd Floor  
Ottawa ON K1A 0H3  
Tel.: 613-957-0541 / 1-866-582-1884  
Fax: 613-957-0941  
[MarathonMine.Review@ceaa-acee.gc.ca](mailto:MarathonMine.Review@ceaa-acee.gc.ca)

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Attention: Colette Spagnuolo, Panel Manager

### **Re: Marathon Platinum Group Metals and Copper Mine Project Environmental Assessment Statement CEAR # 10-05-54755**

On behalf of the Marathon and District Chambers of Commerce, I would like to thank you for the opportunity to submit comments and recommendations on the SCI- EIS Statements.

These comments on the Stillwater Canada Inc. Environmental Impact Statement for the Marathon PGM-CU Mine Project are informed by research undertaken on other mining projects in Northwestern Ontario (Mining in Northwestern Ontario: Opportunities and Challenges Sept 27, 2012) as well as ongoing research into the environmental performance of mining companies operating in Canada and internationally.

The Marathon and District Chambers of Commerce is an incorporated non-profit, organization, established in Marathon in 1985 and we strive to improve and protect the ecological sustainability and socio-economic well-being of Marathon and District through leadership, research, partnerships, education, community advocacy, information and community capacity-building.

As the voice of business we recognize that the Marathon & District Chamber of Commerce specific actions and activities revolve around respect and shared

responsibility for air, water and land, essentials of all life and economic and social impacts. The Chamber's board, executive and members consist of the Marathon business community. Our membership is partnered through Northwestern Ontario Associated Chambers of Commerce so we have input from across north western Ontario. The objectives of the Marathon and District Chamber of Commerce shall be to promote and improve trade and commerce and the economic, civic and social welfare of the district.

Marathon and District Chambers of Commerce involvement in the environmental assessment statement of the Marathon PGM-CU Mine Project is grounded in its desire to ensure that industrial development that occurs in Marathon and Northwestern Ontario is undertaken in such a way that voice of business and the Marathon and District Chambers of Commerce is heard and that ecological integrity is maintained.

Marathon and District Chambers of Commerce submissions are organized into two sections: general comments and recommendations. Most of the Chamber focus is on section EIS -23. See Chamber shortened version. The chamber is also working with the Marathon Community Adjustment Committee and the Marathon Economic Development Corporation.

By priority we have surveyed thoroughly section EIS -23 and the commissioned review paper sponsored by the Town of Marathon. The 90 page Town of Marathon "gck" document is well crafted and we feel secure with its interpretation. We are realists and have been involved in past boom bust scenarios. We bring an experienced view of the project.

## **Comments**

Public participation is an essential component of environmental assessment and essentially the Canadian Assessment Agency facilitates this participation very well. As a business organization we appreciate the regulatory efficiencies and the harmonization of the process. The Valued Ecosystem Components (VEC) was most helpful in understanding the documentation. The transparency of the procedures is also worthy.

**The Marathon Chamber believes that information supplied in the SCI-EIS is sufficient for the proponent to proceed. We urge the Joint Review Panel to proceed with the project.**

### **1. Positive risk / benefit ratio**

A thorough study of SCI-EIS-23 indicates the positive value and high benefit to risk ratio for the community. We studied the financial and taxation data in SCI EIS-23 and concluded there were positive benefits for the community that outweigh the risks.

The Project will generate opportunities for local and regional businesses to supply goods and services – both to the Project directly or indirectly due to the presence of workers and contractors in the local area and region.

Prospective suppliers of goods and services for the Project may need to become informed of product requirements (both quantities and quality specifications) in order to meet the relevant procurement criteria. Businesses that are able to supply goods or services to the Project (e.g. construction supplies, fuel, equipment, vehicle servicing, accommodation, catering) will benefit from the presence of the Project. The company is committed to ensure, as much as is reasonable and feasible, that all local businesses and Aboriginal communities will have a fair opportunity to supply the project and operation with goods and services.

## **2. SCI Communication Plan**

The Chamber found value in the SCI Communication plan gleaned from the “gck” public presentation Oct 3, 20112 Marathon.

SCI Communications plan as presented

Stillwater Canada Inc. has committed to continuing to engage the public in the following areas:

- Environmental stewardship;
- End land-use planning;
- Closure and reclamation;
- Community development initiatives;
- **Training, employment, and mentoring opportunities;**
- **Business and contracting opportunities; and,**
- Future permit application reviews, if any.
- It is recommended that SCI develop a communications plan specific to the Town of Marathon and that there is a commitment to communication in a timely fashion.
- These 7 points can be the key elements of communication of SCI Marathon and Marathon Economic Development Corporation and Chamber (Business community).

## **3. Accountability**

From investigations of other communities that Stillwater does business we assume that SCI is accountable and we recommend if there are problems that SCI will deal with them immediately. As in all major undertakings there are risks. Enbridge is a model of poor public relations and slow reaction. We believe that SCI has proven to be an excellent corporate citizen and warrants our trust. The risk / benefit ratio is much in favour of the Marathon generally and the business community. Some form of community involvement in the accountability process would demonstrate commitment

#### **4. Impact Benefit Agreement or a hybrid consideration discussion**

A direct benefit to the community of Marathon could be attained in the form of a Friendly Neighbor Agreement or a MOU hybrid. A Mechanism that is transparent and clear to the Marathon should be on the table for discussion. See attached appendix A containing local research that could kick start a dialogue.

### **Conclusion**

#### **Recommendations**

1. Proceed with project immediately. There are positive benefits for the community that far outweigh the risks.
2. Follow the presented communication plan and inform the business community of **Business and contracting opportunities.**
3. SCI should utilize best business practices in accountability and immediately solve any problems that they may encounter.
4. A direct benefit to the community of Marathon benefit could be attained in the form of a Friendly Neighbor Agreement or a MOU hybrid. A Mechanism that is transparent and clear to the Marathon should be on the table for discussion. See attached appendix A containing local research that could kick start a dialogue.

## Appendix A

### **Models and Examples Community Agreements (Prepared for Bob Hancherow Manager Marathon Economic Development Corporation (MEDC) by the Marathon Chamber)**

#### **1. Iron Range Resources Rehabilitation Board (IRRRB)**

(Information referenced from IRR Biennial Report Fiscal 2007-08).

This body was founded to assume responsibility for recycling revenues from the taconite iron industry in NE Minnesota back into the community in the form of infrastructure, diversifying the local economy, education funding, and others:

That elected representatives administer the Northwest Resource Fund. To be elected either directly by the citizens of Northern Ontario by direct ballot or through municipal and first nations governments.

In addition to administering the Northwest Resource Fund the body elected would also be responsible for auditing Provincial Fees, and provide resource management policy that would maximize the Return on Investment for the citizens of Northwestern Ontario.

The board would also work in conjunction with all Provincial government ministries assisting them in fulfilling the Provinces goals for the Province.

**Concept Northern Ontario Economic Development Policy Conference Resource Retention Fund** to follow Sudbury Oct 2009 in 2007, the distribution of the Taconite Production tax included (this is only a partial list):

- Cities and Townships;
- School districts;
- Counties;
- Property Tax Relief;
- IRR Educational Revenue Bonds;
- Taconite Environmental Protection Fund;
- Creation of Iron Range Development Corporations
  - Created 190 jobs in 2007, retained 225 jobs, and fostered \$96 million in capital investments.
- Funds to re-vitalize the forestry industry (bio energy, etc.)

## **Taconite Production Tax (TPT) Breakdown**

Iron Range Resources is an agency that is funded by the taconite production taxes which are assessed on area mining companies in lieu of property taxes.

Approx. 50% of the agency's budget comes from production taxes. The other 50% is funded by non-mining sources, including revenue from agency facilities, interest on fund accounts and loan paybacks.

Taconite production tax rates are established by the Legislature.

- TPT revenues are based on the level of taconite produced each calendar year by the existing mines.
- Taxable tonnage is calculated on a 3 year average.
- Mining companies pay the production tax in two installments during the following calendar year.
- The tax rate for fiscal year 2007 (production year 2005) was \$2.137 per taxable ton. The tax rate for fiscal year 2008 (production year 2006) was \$2.203 per taxable ton.
- Production tax funds are first distributed to the entities (listed above) under Minnesota Statute 298.28 before Iron Range Resources receives its funding.
- See <https://www.revisor.mn.gov/statutes/?id=298.28> for full description of Statute 298.28.

2. **Claiming our Stake! Building a Sustainable Community Sudbury resource retention concept** section of the "Claiming our Stake" exercise Paper details 2006

## INVESTMENTS IN A SUSTAINABLE COMMUNITY Mayor Rodriquez

Building a Sustainable Infrastructure and Economy.

The City of Greater Sudbury is the largest geographic municipality in Ontario encompassing 3,300 square kilometers and overseeing 2,900 lane kilometers of paved roads.

Although the municipality is solely responsible for maintaining the physical infrastructure, very little corporate tax revenues come back to municipalities. A 2002 OMA study on the province's mining sector indicates that almost 50% of the taxes revenues go to the federal level, 35% go to the provincial government while only 160/0 stays in the local resource municipalities.

As their contribution to municipal revenues has fallen over time, the mining companies increased their use of public transportation infrastructure and reduced their investment in private transportation infrastructure.

WHAT IS REQUIRED?

Develop a corporate tax policy and industrial properly assessment system for the mining sector that is more equitable to municipalities (model 1.5% example)

### NW Regional Governance Resource Retention Fund

Twenty-years ago, most ore was transported throughout the Sudbury Basin by railroads that were maintained by the mining companies. Today ore is predominately transported by truck, causing rapid and costly deterioration of the road infrastructure that was not designed for heavy industrial use. The local mining sector in Sudbury used to supply 25% of the community's tax base.

It has shrunk to 6%. Furthermore, property taxes from local mining companies continue to shrink as companies dismantle unused surface buildings.

The city's infrastructure will need massive investments to ensure the development of the next generation of mines and processing facilities can be built in a timely and effective manner.

In Northern Quebec the Raglan nickel-copper mine is part of Falconbridge's Integrated Nickel Operations. The Raglan Agreement includes a profit-sharing program with the Inuit population of the Nunavik.

In April 2006 Falconbridge paid out \$9.3 million- a year's worth of royalties. The Raglan operations include three underground mines, one open pit, a mill and employs about 500 people, as well as 250 on contract.

Conversely, Falconbridge's Sudbury operations employ about 1,500 people in three underground mines, a mill and a smelter. In 2006, Falconbridge paid almost \$4 million to the City of Greater Sudbury as property taxes.

See Marathon model for taxation of mining industry to follow.

### **3. Regional Governance Models NOMA RRP Model 2007**

**Resource Retention Fund NOMA RRP** "Tannis Drysdale" attribution. Individuals with little or knowledge of the Northwest is often making decision making for the needs of the Northwest.

The existing property based municipal tax structure does not provide an adequate assessment base for Northern Ontario communities to meet their costs. Further, this structure does not reflect the contribution of the North's resource based communities to the wealth of Ontario and Canada and does not allow for the Northern Municipalities to fully benefit from the mining and forestry industries that they support.

Bring revenues and decision making closer to the communities of the Northwest.

A Resource Retention Fund by which some of the revenue generated by the exploitation of the North can be held in the North and used to support the very communities that provide support and services to allow that resource exploitation to take place.

While it may be simpler and most expedient to simply return all revenues to individual communities it may serve the economic future of the region better to create a resource revenue fund agency similar to the IRRRB that would both make transfers to the communities as well as make strategic investments in key areas.

Further, this agency could also serve to collect and transfer information on leading technology, policy and best practices that would strengthen the industries, communities and culture of Northwestern Ontario. Similar to the new powers bestowed on Toronto in the City of Toronto Act, a Northwest Ontario Act would create this agency.

Unlike the IRRRB model, that has appointees manage this fund, it is imperative

4. Source **Executive Summary – A Refined Argument: Report of the Advisory Panel on Municipal Mining Revenues – Produced by the City of Greater Sudbury 2008**  
**Revenue Sharing Agreements Precedents**

The City of Greater Sudbury is not the only community to attempt to secure a greater share of the wealth generated from the extraction of the mineral resources found within its boundaries. The Raglan (Northern Quebec) agreement was negotiated between the local aboriginal community and Xstrata, while the Peace River Memorandum of Understanding (MOU) was negotiated between the Province of British Columbia and the Peace River Regional District. While these arrangements may differ in nature, they serve to establish a precedent for the sharing of natural resource revenues with the communities impacted by extraction of these resources.

**5. Memorandum of understanding (MOU) between the province of British Columbia and the Peace River Regional district, 2005**

The Peace River Regional District (PRRD), a regional municipality in Northern British Columbia is home to 64,272 residents and rich deposits of oil and gas. In 1998, an agreement entitled the *Fair Share Agreement* was reached between the PRRD and the Province of British Columbia. This agreement was subsequently replaced in 2005 by a new MOU, which is slated to remain in effect until 2020. The MOU recognizes that the municipalities have limited access to the property tax revenues from the oil and gas industry, and as such acknowledges that local governments should be compensated for the services and infrastructure costs associated with being a resource community. The PRRD and its member municipalities will receive an initial payment of \$20 million, to be

followed by subsequent payments based on the initial \$20 million multiplied by the rate of change in the municipality's rural industrial assessment base.

The Fair Share MOU is seen as such a good model that the Union of British Columbia Municipalities (UBCM) has argued in its policy paper "Proposal for Sharing Resource Revenues with Local Governments", that a similar agreement be established on a province wide basis. The UBCM document cites the fact that it is the municipalities that provide the roads, water, sewer and other services that facilitate both the labour force and resource development, while their economic return is only a fraction of that enjoyed by the Provincial Government.

## **6. Raglan (Xstrata)**

During the process of developing its Raglan project, a nickel and copper mine located in the Nunavik Territory of Northern Québec, Xstrata entered into an Impact Benefit Agreement with the Inuit owned Makivik Corporation. The benefits of this agreement include:

- Participation of Inuit in project (employment and training)
- \$14 million plus 4.5% of mine profits (estimated at \$60 million over 15 years)
- Environmental protection guarantees.

## **7. Voisey's bay**

The Voisey's Bay project is of particular interest as it involves Vale INCO, one of Greater Sudbury's most significant mining concerns. In order to proceed with the development of the property (consisting of a mine and concentrator), the Voisey's Bay Nickel Company (a wholly-owned subsidiary of Vale INCO) had to work with the governments of Newfoundland and Labrador (NL), Canada, and the Innu Nation to arrive at a mutually acceptable agreement. The Voisey's Bay

One of the key issues addressed in these agreements is a set of financial provisions and revenue-sharing arrangements for the Innu. While details of the IBA signed between Voisey's Bay Nickel Company and the Innu are not public, the MOA between the Innu and the NL government states that "the Innu Government is entitled to receive, and the Province shall pay to the Innu Government an amount equal to 5 % of any revenue received by the

Province from the Voisey's Bay project." Agreements consist of:

**An Impact and Benefits Agreement (IBA) between the company and the Innu**

Nation;

- A Memorandum of Agreement between the Innu Nation and the NL
- government;
- A Voisey's Bay chapter in the Innu Rights Agreement between the Innu Nation, Canada and NL;
- An Environmental Management Agreement between the Innu Nation, Canada, and NL.

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**This Agreement made July 22, 2002 at St. John's in the Province of Newfoundland and Labrador:**

**Memorandum of Agreement Concerning the Voisey's Bay Project**

BETWEEN: Her Majesty the Queen in right of Newfoundland and Labrador as represented by the Minister of Labrador and Aboriginal Affairs (hereinafter called the Province) OF THE FIRST PART

AND: The Innu of Labrador as represented by the Innu Nation, a body corporate under the laws of Canada (hereinafter called the Innu Nation) OF THE OTHER PART

Whereas the Innu of Labrador, represented by the Innu Nation, assert constitutionally protected aboriginal rights in and to lands in Labrador that have been used and continue to be used by the Innu, which are the subject of comprehensive land claims negotiations currently underway pursuant to a Framework Agreement signed by the Innu Nation, Canada, Newfoundland and Labrador on March 29, 1996;

And whereas the Voisey's Bay Project will impact on the lands which the Innu people assert are their traditional lands, and will impact as well on their culture, environment and socio-economic circumstances;

And whereas as part of the reconciliation of the asserted rights and interests of the various persons and entities affected by the Voisey's Bay Project, the Innu Nation is negotiating the Voisey's Bay Impacts and Benefits Agreement with the Developer of the Voisey's Bay Project;

And whereas as a further part of such reconciliation, the comprehensive claim agreement now being negotiated between the Innu Nation, Canada and the Province will include a chapter which relates to the Voisey's Bay Project;

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And whereas as an additional part of such reconciliation the Parties to this MOA are participating in the negotiations of an Environmental Management Agreement between the Innu Nation, the Labrador Inuit Association, the Government of Newfoundland and Labrador, and the Government of Canada;