

Fact Sheet: The Auditor General's Report on Gravel Mining in Ontario

On December 6, 2023, the Office of the Auditor General of Ontario published a Value-for-Money Audit of the Management of Aggregate Resources in the province. The audit evaluated the oversight, licensing and permitting of aggregate extraction operations on both Crown and designated private land by the Ministry of Natural Resources and Forestry (MNRF), through a review of information from representative district offices during the period from 2018 to 2022. This fact sheet summarizes the audit's main findings and recommendations.

Findings:

- **The most recent study of aggregate supply and demand indicates a significant oversupply; improved studies are needed to provide accurate and complete information**
 - The MNRF's most recent (2016) supply and demand study suggests that existing reserves in the Greater Golden Horseshoe region are more than adequate to meet future demand
 - The MNRF has not proven there is a need for new pits and quarries
 - The MNRF's 2023 study on aggregates supply and demand is not reliable and must be improved
 - The MNRF's databases are archaic and disorganized
- **The MNRF is failing to adequately inspect aggregate operations**
 - Rates of MNRF inspection are shockingly low, with 75% of the offices reviewed inspecting less than 5% of aggregate operations in their district annually
 - Inspection rates decreased 64% under the Ford government
 - There is a systemic shortage of qualified aggregate inspectors
- **Violations are widespread in the aggregate industry**
 - Of the low percentage of sites inspected, 48 – 64 % were not compliant with regulations
 - From 2018 to 2022, inspectors filed 1,750 inspection reports identifying non-compliance
- **The MNRF is failing to enforce aggregate regulations**
 - Of the low percentage of violations reported, less than 1% were referred for further investigation that could lead to a charge
 - From 2018 to 2022, the number of outstanding annual violations grew 74%, to a total of almost 1,700

- **Industry self-reporting is failing**
 - 25% of the approval holders reviewed failed to submit an annual compliance report
 - Legislation stipulates that failure to submit a compliance report should result in immediate suspension of operations, but the MNRF did nothing to enforce this beyond sending a notification letter
 - Nearly 15% of reviewed approval holders that did not submit reports were still operating a year later

- **There is no guarantee of rehabilitation of pits and quarries**
 - Provincial policy regards aggregate extraction as an “interim land use,” but in many cases it fundamentally changes and degrades the previous land use
 - There are no processes in place to ensure that pits and quarries are rehabilitated, nor to ensure that the rehabilitation that does take place is effective
 - Pits and quarries amounting to a land area the size of Brampton have sat dormant for 10 or more years with zero rehabilitation efforts

- **The MNRF's current program for managing aggregate resources is financially and environmentally unsustainable**
 - The MNRF does not know the cost of its current aggregate management program
 - In 2019, annual extraction fees covered only about 80% of the program
 - Hundreds of approval holders owe the MNRF hundreds of thousands of dollars in unpaid annual aggregate extraction fees
 - Low fees incentivize the environmentally destructive mining of ‘virgin’ aggregates rather than encouraging the use of recycled aggregates

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Recommendations:

The Auditor General presents the following main recommendations:

1. Address serious aggregate inspection staffing and training problems.
2. Require districts to develop and implement inspection plans.
3. Standardize the process for filling out inspection records.
4. Review and standardize policies for enforcing compliance; this should include adopting additional enforcement tools, charging interest for overdue fees, and improving fine payments to municipalities.
5. Standardize required compliance reports and enforce suspensions for failure to properly report.
6. Assess the full cost, additional resources needed, and options for fully recovering the cost of the MNRF aggregate management program.

7. Assess sites dormant for 10+ years and ensure they are rehabilitated.
8. Develop and implement procedures for assessing rehabilitation.
9. Make a plan to address the lack of rehabilitation on Crown land.
10. Implement processes to obtain, report, and regularly update detailed data on aggregates supply and demand.
11. Implement a system to track and report on the supply and use of recycled aggregate.
12. Implement a plan to establish best practices for and encourage use of recycled aggregate.
13. Work with other agencies to review aggregate applications in view of their negative impacts.
14. Develop a framework for considering cumulative impacts when making decisions on aggregate approvals.
15. Create and implement a system to review and assess self-filed amendments.
16. Integrate all approval and compliance information into the Natural Resources Information Portal in a timely manner.
17. Update the Aggregate Resources Policies and Procedures Manual by 2025.
18. Develop a framework for evaluating MNRF's aggregates program and regularly report to public on results of evaluation.

For more information, please refer to the [RGMC Statement and Press Release](#) in response to the Auditor General's report.

1 For example, the audit identified three companies that extracted over 1000% of the permitted volume but were never referred for investigation.

2 As per the Auditor General, the MNRF does not know the full amount of unpaid annual aggregate extraction fees. At the end of 2022, over 432 aggregate sites had failed to pay annual fees to the MNRF, with 41 of these having paid no fees at all since 2018. From 2018 – 2022, the MNRF issued only 2 fines (totaling \$1,230) for unpaid fees.

3 In comparison, the UK has fees that are 14% higher than Ontario's, and a rate of use of recycled aggregates that is more than three times higher.