

Report TR-CW-14-17

To: Warden Barfoot and Members of Grey County Council
From: Patrick Hoy, Director of Transportation Services
Randy Scherzer, Director of Planning and Development
Meeting Date: April 13, 2017
Subject: **Comments on the Proposed Changes to the Aggregate Fees and Royalties**
Status: Recommendation adopted by Committee as presented CW-67-17;
Endorsed by County Council April 27, 2017 per Resolution CC19-17;

Recommendation

1. That Report TR-CW-14-17 regarding proposed changes to the Regulation 244/97 of the Aggregate Resources Act be received; and
2. That the comments within the Report be sent to the Ministry of Natural Resources and Forestry for consideration as part of the review process by May 1, 2017; and
3. That Grey County supports at a minimum the \$0.54 overall TOARC levy as recommended by the Top Aggregate Producing Municipalities of Ontario and the Ontario Stone, Sand and Gravel Association; however, continues to recommend that the upper-tier municipal levy be increased to \$0.20 per tonne to better address infrastructure costs resulting from aggregate operations.

Background

On March 17, 2017, the Ministry of Natural Resources and Forestry circulated correspondence (attached) proposing to amend Regulation 244/97 under the Aggregate Resource Act. Comments regarding the proposed changes are due by May 1, 2017. The changes are summarized in Table 1, along with the past history of the aggregate levy.

Table 1 – Aggregate Levy History

Annual Fee Recipient	1990 Fees Per tonne	2007 Fees Per tonne	TAPMO & OSSGA Recommended Fees	Proposed 2017 Fees per tonne (MNRF)
Province of Ontario	\$0.01	\$0.035	\$0.01	\$0.042
Aggregate Resources fund (rehabilitation)	\$0.005	\$0.005	\$0.05	\$0.006
Lower Tier Municipality	\$0.04	\$0.06	\$0.30	\$0.12
County or Regional Municipality	\$0.005	\$0.015	\$0.10	\$0.03
Delegate Administrative Authority			\$0.08	
Total Aggregate Fee	\$0.060	\$0.115	\$0.54	\$0.198

Top Aggregate Producing Municipalities of Ontario (TAPMO) and the Ontario Stone, Sand and Gravel Association (OSSGA) have previously asked for \$0.10 for the Counties and Regional Municipalities, and a total aggregate fee of \$0.54/tonne, as shown in Table 1.

Using the Bank of Canada inflation calculator (utilizing CPI), \$1.00 in 1990 is equivalent to \$1.68 in 2017. Using the Asphalt Cement Index as a guide for road construction, the index has risen 86% since 2001. It appears the aggregate levy is slightly outpacing inflation. The new proposed rates will be adjusted yearly at the Ontario Consumer Price Index Rate.

Increasing the Levy to a sufficient number would allow Counties and Municipalities to avoid complicated site specific negotiations with aggregate producers.

On January 31, 2014, TAPMO and the OSSGA met regarding changes to the Ontario Aggregate Levy. It was noted that the 2013 levies in Quebec, Alberta and Ontario were \$0.53, \$0.25 and \$0.115, respectively.

Grey County

The County has received the following Revenue the last four years from The Ontario Aggregate Resource Corporation (TOARC) with the levy set at \$0.115 per tonne (\$0.015 cents per tonne to the County):

Table 1: TOARC Levy Fees Distributed to Grey County

Payment Date	Revenue
Sept 2016	\$63,859.19
Sept 2015	\$53,005.62
Sept 2014	\$44,839.42
Sept 2013	\$41,989.86

The following is what the County previously recommended in Report PDR-PCD-42-15 Proposed Changes to the Aggregate Resources Act, as well as Report PDR-PCD-45-16 Further Comments on the Proposed Changes to the Aggregate Resources Act, to the Ministry with respect to the aggregate levy. County staff continues to support these recommendations:

1. The Ministry of Natural Resources and Forestry recognize municipalities' costs to accommodate aggregate operations.
2. Immediately implement the proposed changes to Ontario's Aggregate Levy as proposed by TAPMO-OSSGA Aggregate Levy Committee with an increase to upper tier municipalities to \$0.20 per tonne.

Financial/Staffing/Legal/Information Technology Considerations

New or modified developments that increase the number of heavy trucks on a County Road could reduce the life cycle of the road and/or require expensive upgrades to the road. To ensure that cost of upgrades to the road system is completed fairly and equitably, it is recommended that the Province increase the aggregate levy as proposed by the TAPMO-OSSGA Aggregate Levy Committee with an increase to upper-tier municipalities to \$0.10 per tonne.

Revenue for the County would double if the Ministry's proposed 2017 Fees were adopted. This would result in income of over \$120,000 per year. If the TAPMO and OSSGA recommendation were adopted, the County would receive over \$425,000 per year, which could be utilized to improve haul routes and reduce half loading areas. An increase to producers of aggregate would likely increase the costs of County construction projects.

Link to Strategic Goals/Priorities

This recommendation will continue to promote fiscal management and service delivery.

Attachments

Ministry of Natural Resources and Forestry Notice of Proposed Changes to Fees and

Royalties Re: Pits and Quarries

[PDR-PCD-42-15 Proposed Changes to the Aggregate Resources Act](#)

[PDR-PCD-45-16 Further Comments on the Proposed Changes to the Aggregate Resources Act](#)

Respectfully submitted by,

Patrick Hoy, Director of Transportation Services

Randy Scherzer, Director of Planning and Development

Ministry of Natural Resources and
Forestry

Natural Resources Conservation Policy
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March 17, 2017

Notice: Proposed changes to fees and royalties re: pits and quarries

The ministry is proposing to increase, equalize and index annual aggregate fees and royalties by amending Regulation 244/97 under the Aggregate Resources Act.

As the holder of a licence or permit under the act, these changes will be important to you and your business. The ministry would like to ensure that you are aware of the changes proposed and how you can comment on them. The proposed changes are described in the attachment to this letter.

A notice regarding the proposed changes has also been posted on the Regulatory Registry for consultation for a period of 45 days ending on May 1st, 2017 (visit www.ontariocanada.com/registry and look under "Current Proposals").

There are several ways you can comment on this proposal, including:

1. Directly through the Regulatory Registry posting (click on the link titled "Comment on this proposal via email")
2. By email to ARAreview@ontario.ca, or
3. By mail or fax (705-755-1971) to:

Hal Leadlay
Resource Development Section
Ministry of Natural Resources and Forestry
300 Water Street, 2nd Floor South
Peterborough, ON K9J 8M5

If you have any questions about the proposed changes, please contact Hal Leadlay, Resource Development Section, at 705-755-1827 or hal.leadlay@ontario.ca.

ATTACHMENT: Proposed changes to Regulation 244/97 under the Aggregate Resources Act regarding aggregate fees and royalties

Proposed Annual Fees for Licences and Issuance Fees for Wayside Permits:

- Holders of Class A licences would pay an annual fee of 19.8 cents per tonne or \$689, whichever is greater (currently 11.5¢/tonne or min. \$400)
- Holders of Class B licences would pay an annual fee of 19.8 cents per tonne or \$344, whichever is greater (currently 11.5¢/tonne or min. \$200)
- Applicants for wayside permits are required to pay an issuance fee of 19.8 cents per tonne (based on the maximum amount authorized in the permit) or \$689, whichever is greater (currently 11.5¢/tonne or min. \$400)
- Annual fees collected from Class A and Class B licences and issuance fees for wayside permits are disbursed to parties as follows:
 - Local municipality: twenty-thirtythirds or 12¢/tonne (currently 12/23)
 - County or Regional Municipality: five-thirtythirds or 3¢/tonne (currently 5/23)
 - Aggregate Resources Trust, for rehabilitation and research: one-thirtythird or 0.6¢/tonne (currently 1/23)
 - Provincial government (remainder; min. 4.2¢/tonne)

Proposed Annual Fees for Aggregate Permits:

- Sites authorized to remove over 20,000 tonnes per year would pay 19.8 cents per tonne or \$689, whichever is greater (currently flat rate of \$200/year)
- Sites authorized to remove 20,000 tonnes per year or less would pay 19.8 cents per tonne or \$344, whichever is greater (currently flat rate of \$200/year)
- Exceptions:
 - Provincial ministries would not pay the minimum fee or any portion of the fee that would be disbursed back to the Crown
 - Permits involving provincial projects and forest access roads on Crown land open to the public will not be required to pay the municipal portion in areas where there is no municipality, however, they will always pay at least the minimum rate
- Annual fees collected from aggregate permits would be disbursed to parties in the same way as detailed above for licences

Effective Dates:

The proposed regulatory changes to annual licence fees and annual permit fees would come into effect on July 1st, 2017. This means that in 2018, payments due would be as follows:

- *For licences (private land):* New rates would be applied to aggregate removed between July – Dec 2017. Aggregate removed Jan – June 2017 would be subject to the old rates
- *For aggregate permits (for Crown land):* New rates would apply in the same way as licences, however, the amount payable in 2018 will be the total amount due minus any annual fee already paid for 2017 (i.e., the flat rate of \$200 will be credited if it has already been paid)
- New annual fees for licences and aggregate permits would apply to full years beginning in 2019, on aggregate removed in 2018 (not including material that wasn't originally extracted from the site)
- *For wayside permits:* new rates will apply starting January 1st, 2018 upon issuance of new wayside permits

Indexation:

Effective January 1st, 2020, fees and royalties will be indexed as follows:

- Indexing will be to the Ontario Consumer Price Index (all items, averaged over a 12-month period ending Sept 30 of the previous calendar year)
- The indexed amount will be rounded to one tenth of a cent
- Rates would not be indexed downward

Royalty on Sites Subject to Mining Leases:

Should Bill 39 (the *Aggregate Resources and Mining Modernization Act*) pass, the ministry intends to phase-in royalty payments on existing ARA sites removing material that is also subject to a mining lease. This phase-in would begin in 2019 and extend over a three year period (e.g., 33% of royalty would be due in first year, 66% of royalty in second year, and in the third year the full royalty rate would apply).