November 1, 2019

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Natural Resources Conservation Policy Branch
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RE: Proposed Amendments to the Aggregate Resources Act
ERO Number: 019-0556

Ontario's cement and concrete manufacturers share a unique position of being producers of cement, concrete and aggregates in the province. We appreciate the opportunity to make a submission as part of the proposed amendments to the Aggregates Resources Act as announced by the Minister on September 20, 2019.

First, we would like to congratulate the Minister on the introduction of the 'Better for People, Smarter for Business Act, 2019' that proposes reducing duplication approvals in the aggregate industry. The Cement Association of Canada and Concrete Ontario wholeheartedly support this announcement. As noted in our previous submissions we need to confirm and support a close to market supply. With the current permitting process taking up to 10 years, this will provide the certainty and reduced timelines that will allow Ontario to remain a place where companies want to invest and conduct business.

The issues raised in this submission were outlined in our May 31, 2019 submission on aggregate reform and formed part of our proposal on "Red Tape Reduction & Regulatory Reform". While we understand that no changes to aggregate fees have been proposed in the most recent posting, we know that the Ministry is looking for feedback on this matter and we would like to take the time to highlight one of our biggest issues.

1. **Remove any fee increases on aggregate used in cement manufacturing**

Ontario Regulation 244/97: Regulation under the Aggregate Resources Act (ARA)

The CAC and our member companies have consistently raised this issue over the past several years and appreciated the opportunity to raise it directly with the Minister at the Aggregates Summit last March. The CAC and its members have always conditionally supported fee increases if they are directed back into improving the aggregates system. We believe the revenues from an increased levy should be directed to infrastructure development and community projects that support aggregates and aggregate extraction.

We also believe there needs to be a clear distinction between quarrying activities related to feedstock production of limestone for the cement manufacturing process versus other quarrying activities. Specifically, increases in the ARA fees are meant to cover the cost of the public infrastructure impacts of quarrying (wear and tear from heavy trucks on public roads). However,

three of the four Ontario cement companies have their primary quarries for cement production onsite at their respective plants (i.e. private property). The fourth has its primary quarry for cement production adjacent to Lake Ontario and it transports the raw material to its cement plant by barge without making any use of any public transportation infrastructure. As such, there is no impact on any municipal transportation infrastructure. **We therefore believe that additional fees should not apply to limestone production used for cement manufacturing and our request is for the Ministry to waive the fee increase for aggregate used in cement production.**

Aggregate Resources Act, Section 37.2
(5) The Minister may waive the requirement to pay all or part of an annual permit fee under this section. 2017, c.6, Sched. 1, s.31.

Three options include:

1. Create a Class C license: a new license limited to aggregate quarries that provide feedstock to cement plants and don't use municipal transportation infrastructure
2. Waive through Regulation: require specific reporting requirements so that only aggregate used in cement production would qualify
3. Rebate of ARA levy: provide a rebate to cement manufacturers for the amount of aggregate used in cement production based on independently verified reporting

In order to protect the integrity of the system, cement producers would agree to provide independent reporting and verification about the tonnages of aggregates that are being used in cement production vs the tonnes that are being used for other purposes. This may entail a new compliance cost which the companies will agree to cover if the exemption is agreed to by the Ministry.

2. **Exempt exported aggregate shipped by water or rail**

We also believe that the same principle applies to exported aggregate that is shipped by water or rail and does not use any municipal transportation infrastructure.

Aggregate fees were originally envisioned to address the impact on infrastructure. In both of the case of aggregate used in cement manufacturing and aggregate exported by water or rail, no municipal transportation infrastructure is used.

Cement is an energy intensive, trade exposed industry with low margins. A slight increase in cost per tonne can redirect distribution in the system. Ontario cement producers must compete with importers of cement who may not be subject to the additional fee structure on their limestone, giving them a competitive advantage over Ontario producers who would be subject to additional fees. We advocate for a level playing field with our competitors and we encourage the province to avoid unintentional international trade imbalances which might be created by the additional fees.

Ontario domestic cement producers also compete with other jurisdictions which limits the ability to pass along increased costs. This is distinct from aggregate producers who can readily pass along costs.

3. **Municipalities should not be able to create new by-laws that override provisions of the Aggregate Resources Act and Environmental Protection Act.**

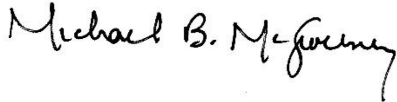
This may be addressed in your recent proposal, however many municipalities approve by-laws with the intention of locally regulating aggregate operations beyond what the provincial legislation requires. This results in a lack of consistency across the province. Of particular concern is the ability of a municipality to pass by-laws restricting the hours of operation or adding transportation fees for aggregate produced by a facility. Aggregate operation hours should be based on the Aggregates Resources Act and Environmental Protection Act.

4. **Miscellaneous**

Industrial Sewage Works approvals are now being required for wash plants where aggregates are washed. These plants do not discharge water. Typically, water is held in a pond and sprayed on the pile and recirculated back into the settling pond. The policy claim is that this is required because we recirculate more than 10,000 litres per day. However, this same argument could be used for swimming pools. This represents an extra cost to business to prepare the application and the application fee. It should be noted that the water is storm water and the fines washed off and settled are from the natural site itself.

We thank you for the opportunity to submit our comments on aggregate reform.

Sincerely,



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