

# 1998

## Annual Report of The Ontario Aggregate Resources Corporation



*Dedicated To A  
Resourceful Future*



# 1998 BOARD OF DIRECTORS

Representing the Aggregate Producers' Association  
of Ontario (APAO)

**Roy Bertolo**

Chairman of the Board

**Richard Olsen**

Vice Chairman

**Richard Seibel**

Secretary/Treasurer

**Dick Pipe**



Representing the Conservation Council of Ontario (CCO)

**Tony Jennings**

Representing the Conservation Authority &  
Municipal Interest

**Allan Holmes**

Representing the Aggregate Industry at large  
(Non APAO Member)

**Gord Lavis**

Representing the Ministry of Natural Resources (MNR)  
as an "Ex Officio Member"

**Dick Hunter**





# LETTER TO MINISTER



THE ONTARIO AGGREGATE RESOURCES CORPORATION  
5805 WHITTLE ROAD, UNIT 210, MISSISSAUGA, ON L4Z 2J1  
TEL: (905) 502-0761 FAX: (905) 502-0763

June 1999

The Honourable John C. Snobelen  
Minister of Natural Resources  
90 Wellesley St. West  
6th Floor, Whitney Block  
Room 6630  
Toronto, ON M7A 1W3

**Dear Mr. Snobelen**

The Aggregate Resources Act, 1990, (as amended) and the 1997 Trust Agreement between the Ministry of Natural Resources and the Corporation call for, among other things, annual reporting of the financial affairs of the Aggregate Resources Trust.

Accordingly, I am pleased to submit the 1998 Annual Report of The Ontario Aggregate Resources Corporation which provides detail on the financial affairs of both the Corporation and the Trust, including a full accounting for expenditures incurred on behalf of the Abandoned Pits and Quarries Rehabilitation Fund.

Yours very truly,

Richard Olsen  
Chairman  
The Ontario Aggregate Resources Corporation



# CHAIRMAN'S MESSAGE



On behalf of the Board of Directors, it is my pleasure to release the Annual Report of The Ontario Aggregate Resources Corporation. This, the second annual report for the Corporation includes the audited Financial Statements for the Aggregate Resources Trust and The Ontario Aggregate Resources Corporation for the fiscal year ending December 31, 1998.

The Ontario Aggregate Resources Corporation through an agreement with the Ministry of Natural Resources (Crown) acts as the Trustee for the Aggregate Resources Trust. The establishment of the Aggregate Resources Trust is proving to be a model which demonstrates how the many stakeholders involved with the aggregate industry can gain through partnerships and co-operation. The Corporation is uniquely constituted to demonstrate the aggregate industry's commitment to improve our environment and to provide a needed service to the Province, municipal government and the public without adding a further burden to the taxpayer.

The Corporation has worked diligently this past year to build upon the accomplishments of the previous year and to improve our level of service. In October of 1998, the Board of Directors was pleased to appoint David J. Sterrett as President, to implement policy and to provide management for the daily affairs of the Corporation. Mr. Sterrett's extensive experience in the aggregate industry, coupled with the many talented personnel of the Ministry, has been instrumental in facilitating a smooth transition of duties to the Corporation.

As reported last year, the process of refunding a portion of the Rehabilitation Security monies to licensees and permittees, which started in early December of 1997, was substantially completed in May of 1998. In total, the Corporation refunded approximately 48.4 million dollars to 2200 licensees and 990 permittees.

The Board of Directors is pleased with the continued dedication and commitment to the purpose of the Trust from all parties involved, and looks forward to further demonstrating how a non-renewable resource can be jointly managed by Government and the private sector, for the benefit of Ontario.

In closing I would like to thank my predecessor, Mr. Roy Bertolo, for his invaluable contribution last year.

Respectfully submitted,

**Richard Olsen**

*Chairman*



## PRESIDENT'S MESSAGE



I am very pleased to be part of this exciting partnership between the Ministry of Natural Resources and the aggregate industry to deliver on much needed services in new and innovative ways. The Aggregate Producers' Association of Ontario (APAO) and the Ministry of Natural Resources showed real leadership in creating The Ontario Aggregate Resources Corporation in

1997, to act as Trustee of The Aggregate Resources Trust. The Trust purposes include:

1. The rehabilitation of land for which a Licence or Permit has been revoked and for which final rehabilitation has not been completed;
2. The rehabilitation of abandoned pits and quarries, including surveys and studies respecting their location and condition;
3. Research on aggregate resource management, including rehabilitation;
4. Payments to the Crown in right of Ontario and to regional municipalities, counties and local municipalities in accordance with the regulations made pursuant to the Aggregate Resources Act;
5. The management of the Abandoned Pits and Quarries Rehabilitation Fund; and
6. Such other purposes as may be provided for by or pursuant to subsection 6.1(2)5 of the Aggregate Resources Act.

The Board of Directors of the Corporation represents the interests of the many stakeholders associated with the industry. The Board consists of members representing the APAO, the Municipal/Conservation Authority interest, the Conservation Council of Ontario, the Aggregate Industry at large and also includes a representative (ex officio) from the Ministry of Natural Resources. Collectively, the Directors bring a balanced view to the creation of policy and the implementation of the Trust purposes.

The Board administers the Abandoned Pits and Quarries Rehabilitation Fund, by agreement with the Aggregate Producers' Association of Ontario, through a mechanism known as the Management of Abandoned Aggregate Properties program (MAAP). The MAAP program coordinates the rehabilitation of aggregate sites that were abandoned prior to there being legislation governing the extraction and rehabilitation of aggregate properties. In 1998, the MAAP program completed the rehabilitation of 16 abandoned aggregate sites (4 of which commenced in 1997) at a cost of approximately \$336,000.

During 1998 the Corporation collected approximately 8.4 million dollars in fees from 5300 aggregate licensees and permittees. In turn, these monies were disbursed to lower tier municipalities (approximately 5.1 million dollars), upper tier municipalities (approximately 0.6 million dollars) and to the Crown (approximately 2.1 million dollars). A further 0.6 million dollars (approximately) was transferred to the Abandoned Pit and Quarry Rehabilitation Fund.

As a final note, I am pleased to report that the Trust Fund assets have increased by approximately \$750,000, for the year ended December 31, 1998.

Yours truly,

**David J. Sterrett**

*President*



## MAAP PROGRAM

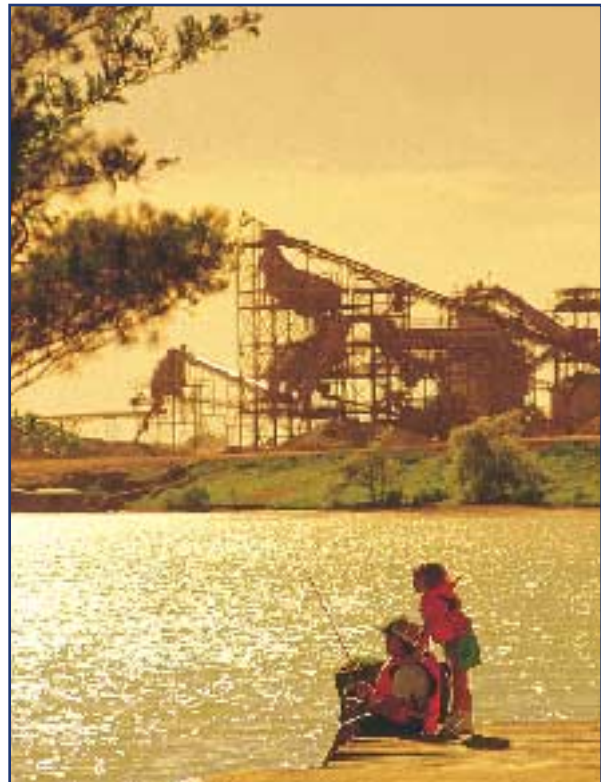
# OVERVIEW

The Management of Abandoned Aggregate Properties (MAAP) Program is focused on the rehabilitation of pits and quarries that were abandoned prior to December 31, 1989. Funding for MAAP comes from an annual licence levy of one half cent for every tonne of aggregate removed from licensed pits and quarries in designated areas of the Province.

### OVERVIEW OF 1998 REHABILITATION PROJECTS:

In 1998, the MAAP Program rehabilitated 21.35 ha of land: 38% was rehabilitated to recreational area, 23% to natural area dryland, 19% to natural area wetland, 12% to agricultural pasture and 8% to agricultural crop land. Rehabilitation projects took place in the following counties/regions:

- Regional Municipality of Durham
- Elgin County
- Frontenac County
- Regional Municipality of Hamilton-Wentworth
- Hastings County
- Middlesex County
- Regional Municipality of Niagara
- Regional Municipality of Peel
- Simcoe County





# THE LIFE OF AN ABANDONED AGGREGATE PROPERTY



## Before Rehabilitation

Location: Regional Municipality of Durham, Uxbridge Township, Lot 15, Concession 3. Size: 3 ha

Final land use: Natural area dryland  
Contractor: R.D. Sutcliffe Contracting Inc.  
Cost: \$37,863



## After Rehabilitation



## Before Rehabilitation

Location: Frontenac County, South Frontenac Township (formerly Portland Twp.)  
3 of 4, Concession 9. Size: 1.5 ha

Final land use: Agricultural pasture  
Contractor: H.R. Doornekamp Construction Ltd.  
Cost: \$13,420



## After Rehabilitation



## MAAP PROGRAM

# BACKGROUND

### Program Delivery

The MAAP Program is delivered from the offices of the Aggregate Producers' Association of Ontario located in Mississauga. The APAO Environment and Resources Manager directs the program on behalf of the APAO, and the program additionally employs a Program Coordinator and a Program Technician, who work together to oversee all field activities and on-site construction.

The general scope of work and proposed budget for each project is prepared by the MAAP staff and presented to The Ontario Aggregate Resources Corporations' Board of Directors for approval. Construction contracts are awarded through a public tendering process which includes a mandatory pre-bid site meeting. MAAP Program staff produce all tender documents, and provide site supervision during construction. Construction is generally completed in the spring and fall of each year to take advantage of optimum growing conditions for seed and vegetation.

### Site Selection

Site selection is based on addressing the environmental, safety and aesthetic concerns associated with abandoned aggregate properties across the province. Based on the original site inventories completed by the Ministry of Natural Resources and ongoing requests from interested landowners, a number of geographic areas are targeted each year to focus the program's resources in a cost-efficient manner. The owners of potential sites are contacted with regard to their participation in the Program, and a list of candidate sites are developed for approval by the Board of Directors.

### Ongoing Projects

As the program continues to rehabilitate aggregate properties across the province, it will be of great value to monitor the program's successes as these landscapes mature. MAAP staff will continue to monitor all the completed sites to form the basis of a database of information that will develop over time.

The Ministry of Natural Resources' Science, Development, and Technology Branch continues to monitor a number of these sites on which research projects were completed in past years, and the MAAP Program staff work closely with their researchers to ensure that the goals of the Program continue to be achieved.

### The overview of 1998 Research Initiatives:

The research study Natural Rehabilitation of Gravel Pits on the Oak Ridges Moraine was completed and published in 1998. This study by Dance Environmental Inc. was jointly managed by MAAP and the Ontario Ministry of Natural Resources. The study documents the extent of naturalization and degree of biological diversity that has developed over time in a set of former aggregate pits located on the Oak Ridges Moraine.

In 1998, MAAP entered into a partnership with the Department of Fisheries and Oceans to investigate abandoned aggregate systems to determine the role of aquatic habitat in shaping fish communities, and to identify effective options for rehabilitating sites with fisheries potential. Results from this study will be published at the end of the six-year study period. Preliminary findings indicate that water bodies in former aggregate properties generally support diverse, abundant productive aquatic communities, and are varied in their physical and chemical environments.



# PRESENTATION OF MUNICIPAL CHEQUES

In October the Corporation in conjunction with the aggregate industry made several cheque presentations to municipal Councils with respect to their portion of the 1997 licence fee that was collected in 1998.

Approximately 7.6 million dollars was collected from licensees, representing a total production of 124,078,863 tonnes of material removed from 2738 licensed properties.



**CHEQUE PRESENTATION TO MUNICIPALITY OF FLAMBOROUGH.** From left to right: Ken Gregg of K.N. Gregg & Associates, Dave Gray of Flamboro Quarries Ltd., Mayor Ted McMeekin, Dick Pipe of Lafarge Canada Inc. & Stuart Thatcher of The Ontario Aggregate Resources Corporation.

Cheques were presented to the following municipalities:

- Municipality of Clarington in the amount of \$156,277.64
- Municipality of Flamborough in the amount of \$168,679.75
- Municipality of Sault Ste. Marie in the amount of \$22,711.08
- Municipality of Uxbridge in the amount of \$126,977.17
- Municipality of Pilkington in the amount of \$30,389.42
- Municipality of Puslinch in the amount of \$140,133.26

Although these monies are not specifically designated for a purpose under the Aggregate Resources Act, the Board hoped the funds would be allocated to the Roads Department to support road projects and maintenance. The presentations were to promote the awareness of the aggregate industry and its contribution to the Province of Ontario.



## AGGREGATE RESOURCES TRUST

# FINANCIAL STATEMENTS

December 31, 1998

### AUDITORS' REPORT

To the Trustee of  
Aggregate Resources Trust

We have audited the statement of financial position of Aggregate Resources Trust as at December 31, 1998 and the statements of revenue and expenses and changes in fund balances and changes in financial position for the year then ended. These financial statements are the responsibility of the Administrator of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Trust derives revenue from aggregate resources charges to licensees and permittees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of this revenue was limited to the tonnage reports submitted by these licensees and permittees and the amounts recorded in the records of the Trust and we were not able to determine whether any adjustments might be necessary to aggregate resources charges, current assets and trust funds, end of year.

In our opinion, except for the effect of adjustments, if any, which we might have been determined to be necessary had we been able to satisfy ourselves concerning the completeness of the aggregate resources charges referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada,  
February 9, 1999.

Chartered Accountants

# AGGREGATE RESOURCES TRUST

## STATEMENT OF FINANCIAL POSITION



As at December 31

	1998	1997
	\$	\$
		<i>[restated - note 5]</i>
<b>ASSET</b>		
Cash and short-term investments	<b>4,580,847</b>	50,604,441
Investments, at cost <i>[note 3]</i>	<b>10,132,414</b>	8,207,539
Due from Minister of Natural Resources <i>[note 1]</i>	<b>164,132</b>	1,629,314
Due from Licensees and Permittees	<b>107,444</b>	—
Due from The Ontario Aggregate Resources Corporation <i>[note 1]</i>	<b>7,071</b>	—
Interest receivable	<b>139,000</b>	447,485
Prepaid expenses	<b>5,744</b>	5,886
<b>Total current assets</b>	<b>15,136,652</b>	60,894,665
Capital assets, net <i>[note 4]</i>	<b>62,926</b>	36,051
	<b>15,199,578</b>	60,930,716
<b>LIABILITIES AND TRUST FUNDS</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<b>36,637</b>	18,285
Due to Licensees and Permittees <i>[note 1]</i>	<b>279,828</b>	48,399,251
Due to The Ontario Aggregate Resources Corporation <i>[note 1]</i>	<b>—</b>	62,855
Wayside permit deposits	<b>176,172</b>	48,085
Unearned aggregate resources charges	<b>74,930</b>	—
Amounts payable to municipalities	<b>1,477,636</b>	—
<b>Total liabilities</b>	<b>2,045,203</b>	48,528,476
Trust Funds		
Rehabilitation Fund	<b>11,270,815</b>	10,614,003
Abandoned Pits and Quarries Rehabilitation Fund	<b>1,883,560</b>	1,788,237
<b>Total Trust Funds</b>	<b>13,154,375</b>	12,402,240
	<b>15,199,578</b>	60,930,716

*See accompanying notes*

On behalf of the Trust by The Ontario Aggregate Resources Corporation as Trustee:

Director

Director





# AGGREGATE RESOURCES TRUST

## STATEMENT OF REVENUE & EXPENSES AND CHANGES IN FUND BALANCES

Year ended December 31

	1998			
	Aggregate Resources Fund \$	Rehabilitation Fund \$	Abandoned Pits and Quarries Rehabilitation Fund \$	Total \$
<b>REVENUE</b>				
Investment income	–	1,113,872	–	1,113,872
Aggregate resources charges	8,727,262	–	–	8,727,262
	8,727,262	1,113,872	–	9,841,134
<b>EXPENSES</b>				
Reimbursed expenses	–	506,206	–	506,206
Professional fees	–	–	9,776	9,776
Salaries and employee benefits	–	–	110,855	110,855
Depreciation	–	19,185	6,665	25,850
Travel	–	–	9,721	9,721
Building rent, taxes and maintenance	–	–	9,409	9,409
Office	–	–	15,051	15,051
Advertising	–	–	3,200	3,200
Communication	–	–	2,546	2,546
Insurance	–	–	3,254	3,254
Management fees	–	47,663	–	47,663
	–	573,054	170,477	743,531
Excess (deficiency) of revenue over expenses before the following	8,727,262	540,818	(170,477)	9,097,603
Allocated to the Governments	(8,123,127)	–	–	(8,123,127)
Allocated to the Crown <i>[note 1]</i>	(604,135)	(540,818)	–	(1,144,953)
<b>Excess of expenses over revenue for the year</b>	–	–	(170,477)	(170,477)
Trust Funds, beginning of year	–	10,614,003	1,788,237	12,402,240
Ministry of Natural Resources transfer <i>[note 1]</i>	–	166,732	(2,600)	164,132
Interfund transfer	(604,135)	–	604,135	–
Expenditures incurred in meeting the Trust purposes <i>[schedule and note 1]</i>	–	(50,738)	(335,735)	(386,473)
Allocated to the Crown <i>[note 1]</i>	604,135	540,818	–	1,144,953
<b>Trust Funds, end of year</b>	–	11,270,815	1,883,560	13,154,375

# AGGREGATE RESOURCES TRUST

## STATEMENT OF REVENUE & EXPENSES AND CHANGES IN FUND BALANCES



Period from the date of the Trust Indenture, June 27, 1997, to December 31

	<b>1997</b>		
	<b>Rehabilitation</b>	<b>Abandoned Pits and Quarries Rehabilitation</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
			<i>[restated - note 5]</i>
<b>REVENUE</b>			
Investment income	1,008,221	—	1,008,221
<b>EXPENSES</b>			
Reimbursed expenses	179,567	—	179,567
Professional fees	—	6,700	6,700
Salaries and employee benefits	—	55,826	55,826
Depreciation	15,400	—	15,400
Travel	—	11,399	11,399
Building rent, taxes and maintenance	—	4,303	4,303
Office	—	5,274	5,274
Advertising	—	6,744	6,744
Communication	—	4,891	4,891
Insurance	—	984	984
	194,967	96,121	291,088
Excess (deficiency) of revenue over expenses before the following	813,254	(96,121)	717,133
Allocated to the Crown <i>[note 1]</i>	(813,254)	—	(813,254)
<b>Excess of expenses over revenue for the period</b>	—	(96,121)	(96,121)
Trust Funds, beginning of period	—	—	—
Ministry of Natural Resources transfer <i>[note 1]</i>	58,200,000	1,429,314	59,629,314
Aggregate Producers' Association of Ontario transfer <i>[note 1]</i>	—	933,485	933,485
Expenditures incurred in meeting the Trust purposes <i>[schedule and note 1]</i>	(48,399,251)	(478,441)	(48,877,692)
Allocated to the Crown <i>[note 1]</i>	813,254	—	813,254
<b>Trust Funds, end of period</b>	<b>10,614,003</b>	<b>1,788,237</b>	<b>12,402,240</b>

See accompanying notes



# AGGREGATE RESOURCES TRUST

## STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	<b>1998</b>	<b>1997</b>
	<b>\$</b>	<b>\$</b>
		[restated - note 5]
<b>OPERATING ACTIVITIES</b>		
Excess of expenses over revenue for the year	<b>(170,477)</b>	(96,121)
Add item not involving cash		
Depreciation	<b>25,850</b>	15,400
	<b>(144,627)</b>	(80,721)
Net change in non-cash working capital balances related to operations	(44,823,979)	46,445,791
<b>Cash provided by (used in) operating activities</b>	<b>(44,968,606)</b>	46,365,070
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	<b>(52,725)</b>	(51,451)
Purchase of investments	<b>(1,924,875)</b>	(8,207,539)
<b>Cash used in investing activities</b>	<b>(1,977,600)</b>	(8,258,990)
<b>FINANCING ACTIVITIES</b>		
Ministry of Natural Resources transfer	<b>164,132</b>	59,629,314
Aggregate Producers' Association of Ontario transfer	-	933,485
Expenditures in meeting the Trust purposes	<b>(386,473)</b>	(48,877,692)
Allocated to the Crown	<b>1,144,953</b>	813,254
<b>Cash provided by financing activities</b>	<b>922,612</b>	12,498,361
<b>Net increase (decrease) in cash during the year</b>	<b>(46,023,594)</b>	50,604,441
Cash and short-term investments, beginning of year	<b>50,604,441</b>	-
<b>Cash and short-term investments, end of year</b>	<b>4,580,847</b>	50,604,441

*See accompanying notes*



# AGGREGATE RESOURCES TRUST

## SCHEDULE OF REHABILITATION COSTS FOR THE ABANDONED PITS AND QUARRIES REHABILITATION FUND

Year ended December 31

<b>Project number</b>	<b>Project name</b>	<b>1998 Project Cost \$</b>
97-01	Smith Pit, Derby Township	14,252
97-04	Becker Pit, Delhi Township	2,027
97-11	Plaskett Pit, Bentinck Township	6,024
97-12	Beldman Pit, Bentinck Township	7,656
97-02	Stacey, Elgin County	23,861
97-06	Beare, Hastings County	17,714
98-01	City of Stoney Creek, Regional Municipality of Hamilton Wentworth	24,255
98-02	Niagara Peninsula Conservation Authority, Regional Municipality of Niagara	13,683
98-03	Township of Middlesex Centre, Middlesex County	11,797
98-04	Van Luven, Frontenac County	12,923
98-05	Hastings and Prince Edward District School Board, Hastings County	28,600
98-06	South Simco-Dufferin Track and Field Club, Simcoe County	34,957
98-07	Kostenbauer, Regional Municipality of Durham	13,043
98-08	Fisico, Regional Municipality of Durham	40,513
98-09	Cannon-Baxter, Regional Municipality of Peel	21,668
98-10	Slovenlan Summer Camp, Regional Municipality of Peel	21,099
	Tendering, consulting and other Research costs	8,269
		<b>33,394</b>
		<b>335,735</b>

Period from the date of the Trust Indenture, June 27, 1997, to December 31, 1997

97-01	Smith Pit, Derby Township	27,156
97-04	Becker Pit, Delhi Township	11,267
97-05	Sandercock Pit, Howard Township	34,490
97-07	Burrows Pit, Cramahe Township	59,171
97-08	Flieler Pit, Hungerford Township	71,761
97-11	Plaskett Pit, Bentinck Township	20,512
97-12	Beldman Pit, Bentinck Township	30,383
97-13	White Pit, Albermarle Township	35,000
97-14	Friskey-Leblanc Pit, Town of Walden	49,434
97-15	Dobson Pit, Mariposa Township	21,414
97-16	Falconbridge Pit, Capreol Township	38,948
97-17	Urquhart Pit, Usborne Township	38,561
97-18	Gillis Pit, Cavan Township	21,232
	Research costs	19,112
		<b>478,441</b>

See accompanying notes



# AGGREGATE RESOURCES TRUST

## NOTES TO FINANCIAL STATEMENTS

December 31, 1998

### 1. FORMATION AND NATURE OF TRUST

Aggregate Resources Trust [the "Trust"] was settled by Her Majesty the Queen in Right of the Province of Ontario [the "Crown"] as represented by the Minister of Natural Resources [the "Minister"] for the Province of Ontario pursuant to Section 6.1(1) of the Aggregate Resources Act, R.S.O. 1990, Chap. A.8 as amended [the "Act"]. The Minister entered into a Trust Indenture, dated June 27, 1997 [the "Trust Indenture"] with The Ontario Aggregate Resources Corporation ["TOARC"] appointing TOARC as Trustee of the Trust.

The Trust's goals are: [a] the rehabilitation of land for which a Licence or Permit has been revoked and for which final rehabilitation has not been completed; [b] the rehabilitation of abandoned pits and quarries, including surveys and studies respecting their location and condition; [c] research on aggregate resource management, including rehabilitation; [d] making payments to the Crown and to regional municipalities, counties and local municipalities in accordance with regulations made pursuant to the Act; [e] the management of the Abandoned Pits and Quarries Rehabilitation Fund; and [f] such other purposes as may be provided for by or pursuant to Section 6.1(2)5 of the Act.

In accordance with the Trust Indenture, TOARC administers the Trust which consists of three funds: the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. TOARC is a mere custodian of the assets of the Trust and all expenditures made by TOARC are expenditures of the Trust.

Prior to the creation of the Trust, the Trust's goals were pursued by the Minister and, separately, by the Aggregate Producers' Association of Ontario [the "APAO"]. Upon the creation of the Trust, rehabilitation security deposits held by the Crown, as represented by the Minister, were to be transferred to the Trust. In addition, the Crown directed the APAO to transfer, on behalf of the Crown, the Abandoned Pits and Quarries Rehabilitation Fund to the Trust. By December 31, 1998, the Minister and the APAO had transferred \$59,629,314 and \$933,485, respectively, to the Trust. Further payments of \$164,132 will be received by the Trust subsequent to year end from the Minister.

Pursuant to the Trust Indenture, TOARC "shall pay and discharge expenses properly incurred by it in carrying out and fulfilling the Trust purposes and the administration of the Trust . . ." (Section 7.02).

The Rehabilitation Fund represents the rehabilitation security deposits, contributed by Licensees and Permittees, held by the Crown and, in accordance with the Trust Indenture, transferred to the Trust. TOARC has been directed by the Minister to refund approximately 3,000 individual licensee and permittee accounts based on the formula of retaining \$500 per hectare disbursed on licences and 20% of the deposit amount for aggregate permits. As a result, during the year the Trust refunded approximately \$48.3 million and an additional \$279,828 will be refunded when the Crown so directs. The balance of funds will be used to ensure the rehabilitation of land where licences and/or permits have been revoked and final rehabilitation has not been completed.

The Abandoned Pits and Quarries Rehabilitation Fund is for the rehabilitation of abandoned sites and related research. Abandoned sites are pits and quarries for which a licence or permit was never in force at any time after December 31, 1989.

The Aggregate Resources Fund is for the collection of the annual licences and wayside fees. The annual licence and wayside fees of \$0.06 per tonne are collected by March, for the previous year's production and are disbursed by September 15 of that year. The fees are disbursed as follows: [a] \$0.04 to the lower tier municipality, [b] \$0.005 to the upper tier municipality, [c] \$0.01 to the Crown, collectively [the "Governments"] and [d] \$0.005 to the Trust. The funds retained by the Trust from the Aggregate Resources Fund will be transferred within the Trust and used for the Abandoned Pits and Quarries Rehabilitation Fund. In addition, the Trust collects royalty payments and annual fees related to aggregate permits and disburses the funds to the Crown at period end. At December 31, 1998, there was no balance in the Aggregate Resources Fund.

The Trust Indenture permits TOARC to engage the APAO to incur costs associated with rehabilitation of pits and quarries to be reimbursed through the Trust's assets.

The Trust's expenses [or Trustee's expenses] are the amounts paid pursuant to Article 7.02 in fiscal 1998. Pursuant to Section 4.01 of the Trust Indenture, the Trust's assets and the income and gains derived therefrom are property belonging to the Province of Ontario within the meaning of Section 125 of the Constitution Act, 1967 and, by reason of Section 7.01 of the Trust Indenture, the amounts paid by the Trustee pursuant to Article 7 are paid to or for the benefit of the Crown.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements of the Trust have been prepared in accordance with generally accepted accounting principles within the framework of the significant accounting policies summarized as follows:

### Revenue recognition

Aggregate resources charges are recognized upon receipt of a tonnage report from Licensees and Permittees. Aggregate resources charges are based on the tonnage produced in the preceding period by the Licensees and Permittees as reported by the Licensees and Permittees. If there is no production in the preceding period, an annual fee is recognized for both Licensees and Permittees.

### Unearned revenue

Unearned revenue represents prepayments of aggregate resources charges.

### CAPITAL

Capital assets are recorded at cost less accumulated depreciation. Depreciation is recorded to write off the cost of capital assets over their estimated useful lives on a straight-line basis as follows:

Computer equipment	5 years
Furniture and fixtures	5 years
Vehicle	4 years





# AGGREGATE RESOURCES TRUST

## NOTES TO FINANCIAL STATEMENTS

### Cash and short-term investments

The Trust defines cash and short-term investments as cash and short-term investments which are readily convertible into cash.

### Investments

Investments consist of Government of Canada bonds, corporate bonds and marketable securities. Investments are recorded at the lower of cost and market value.

### Financial instruments

The fair values of financial instruments approximate their carrying values except as otherwise disclosed in these financial statements. The fair value of investments are determined from quoted market prices.

## 3. INVESTMENTS

Investments consist of the following:

	1998		1997	
	Market value \$	Cost \$	Market value \$	Cost \$
Bonds				
Government of Canada	<b>6,258,529</b>	<b>6,203,424</b>	4,130,981	4,130,981
Corporate	<b>1,246,936</b>	<b>1,205,938</b>	1,362,493	1,362,493
Canadian equities	<b>2,626,625</b>	<b>2,416,655</b>	2,519,550	2,293,665
Foreign equities	<b>454,673</b>	<b>306,397</b>	480,142	420,400
	<b>10,586,763</b>	<b>10,132,414</b>	8,493,166	8,207,539

The Government of Canada bonds bear interest at rates ranging from 5.5% to 7.5% per annum [1997 - 5.5% to 7.25%] with maturity dates ranging from March 1, 2001 to December 1, 2006.

The corporate bonds bear interest at rates ranging from 6.2% to 6.3% per annum [1997 - 6.2% to 6.25%] with maturity dates ranging from August 28, 2007 to July 16, 2012.

## 4. CAPITAL ASSETS

Capital assets consist of the following:

	1998			1997		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
	\$	\$	\$	\$	\$	\$
Computer equipment	23,480	7,044	16,436	—	—	—
Furniture and fixtures	54,031	27,541	26,490	51,451	15,400	36,051
Vehicle	26,665	6,665	20,000	—	—	—
	104,176	41,250	62,926	51,451	15,400	36,051

## 5. CHANGE IN ACCOUNTING POLICY

During the year, the Trust changed its policy of accounting for capital assets from expensing the total cost of the capital assets in the year of purchase to capitalizing the cost and depreciating the capital assets over their estimated useful lives on a straight-line basis.

This change has been applied retroactively. The effect of the change from the year ended December 31, 1998 and the period ended December 31, 1997 was to increase the excess of revenue over expenses and capital assets for the year by \$26,875 and \$36,051, respectively.

## 6. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Trust, including those related to the efforts of customers, or other third parties, will be fully resolved.



# THE ONTARIO AGGREGATE RESOURCES CORPORATION

# FINANCIAL STATEMENTS

December 31, 1998

## AUDITORS' REPORT

To the Shareholder of  
The Ontario Aggregate Resources Corporation

We have audited the balance sheet of The Ontario Aggregate Resources Corporation as at December 31, 1998 and the statement of operations and retained earnings for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Toronto, Canada,  
February 9, 1999.

Chartered Accountants



# BALANCE SHEET



As at December 31

	1998	1997
	\$	\$
<b>ASSETS</b>		
Cash	1	1
Due from Aggregate Producers' Association of Ontario	7,071	—
Due from Aggregate Resources Trust	—	62,855
	<b>7,072</b>	<b>62,856</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Liabilities</b>		
Due to Aggregate Resources Trust	7,071	—
Due to Aggregate Producers' Association of Ontario	—	62,855
Total liabilities	7,071	62,855
<b>Shareholder's equity</b>		
Share capital		
Authorized and issued		
1 common share	1	1
Retained earnings	—	—
<b>Total shareholder's equity</b>	<b>1</b>	<b>1</b>
	<b>7,072</b>	<b>62,856</b>

See accompanying notes

On behalf of the Board:

Director

Director

## STATEMENT OF OPERATIONS AND RETAINED EARNINGS

Year ended December 31

	1998	Period from date of incorporation, February 20, 1997, to December 31, 1997
	\$	\$
<b>EXPENSES</b>		
Salaries and employee benefits	234,408	—
Professional fees	141,372	147,889
Travel	45,015	6,450
Communication	29,980	1,820
Office	27,831	7,682
Building rent, taxes and maintenance	18,576	9,534
Insurance	9,024	2,449
Advertising	—	3,743
	<b>506,206</b>	179,567
Recovery of costs	<b>(506,206)</b>	(179,567)
<b>Net income for the period and retained earnings, end of period</b>	<b>—</b>	<b>—</b>

See accompanying notes



# THE ONTARIO AGGREGATE RESOURCES CORPORATION

## NOTES TO FINANCIAL STATEMENTS

December 31, 1998

### 1. FORMATION AND NATURE OF OPERATIONS

The Ontario Aggregate Resources Corporation [the "Company"] was incorporated on February 20, 1997. The Company's sole shareholder is the Aggregate Producers' Association of Ontario [the "APAO"], a not-for-profit organization. The Company's sole purpose is to act as Trustee of the Aggregate Resources Trust [the "Trust"].

On June 27, 1997, the Company and Her Majesty the Queen in Right of the Province of Ontario [the "Crown"], as represented by the Minister of Natural Resources [the "Minister"] entered into a Trust Indenture, appointing the Company as Trustee of the Trust.

In accordance with the Indenture Agreement, the Company incurs administrative expenses as Trustee of the Trust which consists of three funds: the Aggregate Resources Fund, the Rehabilitation Fund and the Abandoned Pits and Quarries Rehabilitation Fund. All costs incurred by the Company on behalf of the Trust are reimbursed from the Trust's assets.

The Trust's assets managed by the Company, amounting to approximately \$13.2 million, are not included in the accompanying balance sheet. The beneficial owner of the Trust's assets is the Crown.

### 2. LEASE COMMITMENTS

The future minimum annual lease payments are as follows:

	\$
1999	17,200
2000 and thereafter	8,700
	<u>25,900</u>

### 3. STATEMENT OF CHANGES IN FINANCIAL POSITION

A separate statement of changes in financial position has not been presented as cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

### 4. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, or other third parties, will be fully resolved.

# PROFESSIONAL ASSISTANCE



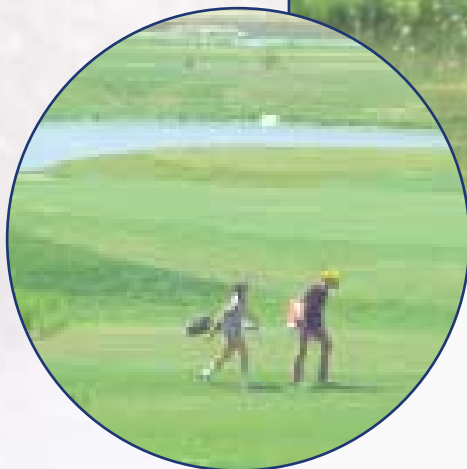
Banking Institution  
**Bank of Montreal**

Investment Managers  
**Jones Heward Investment Management Inc.**

Auditors  
**Ernst & Young**

Legal Counsel  
**Blake, Cassels & Graydon**

Shareholder  
**Aggregate Producers' Association of Ontario**







**THE ONTARIO AGGREGATE  
RESOURCES CORPORATION**

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