



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Value-for-money audit of:
Mines and Minerals Program

2015 Annual Report, Section 3.11

Background

- Ontario is Canada's largest mineral producer, accounting for 24.6% of national production
- Under the *Mining Act*, mining must be conducted in a way that recognizes existing Aboriginal and treaty rights and minimizes adverse effects on public health and safety and on the environment
- Ontario has 43 mines currently in production and 4,412 abandoned mines
- Mineral production valued at almost \$11 billion in 2014



Audit Objective

Assess whether the Ministry has effective systems and processes in place to:

- support the sustainable and responsible exploration and development of Ontario's mineral resources;
- ensure compliance with relevant legislation and ministry policies; and
- measure and report on its effectiveness in encouraging the development and use of the province's mineral resources while minimizing the impacts of mining activities on public health and the environment.



Overall Conclusions

- 2014 Fraser Institute Survey ranked Ontario 9th in Canada in terms of mining investment attractiveness
- Ministry slow to make geosciences information available to mining industry
- Lack of clarity on duty to consult with Aboriginal communities may be affecting pace of mining developments
- No detailed plan or timeline to develop Ring of Fire mineral deposit in northern Ontario



Specific Findings

- Rehabilitation costs for the 56 highest-risk abandoned mine sites recently determined to be \$372 million, and potential cost to rehabilitate remaining sites could range from \$163 million to \$782 million.
- Ontario's revenues from mining taxes and royalties in past 20 years averaged less than 2% of the value of minerals extracted
- Royalties received thus far from province's sole diamond mine represent less than 1% of the value of diamonds extracted



Recommendations

- Clarify requirements surrounding the Aboriginal consultation process, and consider taking more of a leadership role in consultation
- Establish a detailed plan with measurable outcomes for the Ring of Fire, and regularly assess and report on progress
- Develop an operational and financial plan to clean up abandoned mines
- Review and update, where necessary, the province's current mining profit tax and diamond royalty regimes



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