

Northern Ontario Heritage Fund Corporation

# Fiscal 2021-22 Business Plan

Annual Budget and Financial Projections for 2021-22 through 2022-23

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## Executive Summary

In an unprecedented time of uncertainty, the year 2020 provided extraordinary opportunities and challenges due to the global COVID-19 pandemic. The Northern Ontario Heritage Fund Corporation (NOHFC) was no exception to this and quickly responded to continue delivering the mandate of promoting and sustaining the economy in Northern Ontario.

Like many others, NOHFC transitioned its entire workforce from an office environment to a “work from home” approach without delay. Ensuring the physical and mental well-being and safety of all individuals, remains the utmost priority. Without hesitation, the NOHFC management team and employees worked together in an incredible seamless manner to minimize any disruption to the organization or to our northern clients. Systems and tools were put into place to create new digital and virtual spaces to internally connect NOHFC as an agency, but also to connect with our clients in the safest and most secure manner possible.

To assist northern businesses, NOHFC paused all interest charges on outstanding loan balances. For event partnership projects, clients were offered the option to transition to virtual or online events. Under the Internship program, interns were given the flexibility to work from home. We also offered clients the option to extend project timelines and milestones and loan repayment deferrals to help ease the stress, financial burden and unknowns due to the impacts from the COVID-19 pandemic on Northern Ontario businesses.

To provide additional financial relief and support, under the leadership of the Minister of Energy, Northern Development and Mines, the NOHFC launched the Northern Ontario Recovery Program (NORP) on October 1, 2020. The program provided Northern Ontario businesses the opportunity to receive a conditional contribution up to \$25,000 to help offset expenses incurred to meet the mandated public health requirements as a result of the COVID-19 pandemic. NOHFC was able to allocate just under \$26.5 million in funding to the NORP program and help over 1,300 business in Northern Ontario.

Despite the challenges NOHFC faced, we continue to stay focused and work hard. The 2020-21 fiscal year saw many significant changes and achievements including:

- the renewed program suite was approved by the Treasury Board of Cabinet and launched in February 2021;
- sunseting the former NOHFC programs, ensuring all applications received before the September 30, 2020 closing deadline worked its way through the eligibility and approval process;
- allocating more than \$100 million to projects to help create and retain jobs in Northern Ontario; and
- refreshing the NOHFC website, offering easier access to program information, user-friendly applications and new program information.

As NOHFC prepares for 2021-22 and beyond, we continue our commitment to promote and stimulate the economy of Northern Ontario, while creating and retaining jobs. The NOHFC 2021-22 business plan outlines the key priorities and objectives of NOHFC and the NOHFC Board of Directors to continue to deliver on its mandate

Some of the key priorities and projects for fiscal 2021-22 include:

- focusing on the promotion and delivery of the renewed programs launched in February 2021;
- making informed funding and operating decisions to help manage funding approvals and operating expenses within the allocation from the Province;
- dedicating resources to the Systems Renewal Project to help make the processes for NOHFC, its services providers and its clients easier and more efficient;
- completing the procurement process for NOHFC's third party service provider contracts; and
- developing a new service arrangement with the Regional Economic Development Branch to help enhance NOHFC's service delivery to clients.

NOHFC continues to be open for business, supporting and providing financial assistance to businesses, municipalities, Indigenous communities and other organizations across all of Northern Ontario during these challenging times. We understand the impact across several different sectors, the importance of supply chain and moving forward to recover from the pandemic's economic and labour force impact.

We at NOHFC and our partners, are committed to providing superior client service to support economic growth, support innovation and new investments across Northern Ontario. While we expect many changes and unknowns as a result of the global pandemic, NOHFC will continue to support solutions and engage in stakeholder dialogue to share new future opportunities.



John Guerard,  
Executive Director  
Northern Ontario Heritage Fund Corporation

# 1. Northern Ontario Heritage Fund Corporation Mandate

The Northern Ontario Heritage Fund Corporation (NOHFC) is an operational service agency established under the enabling legislation of the *Northern Ontario Heritage Fund Act*. Oversight of the NOHFC falls within the mandate of the Ministry of the Energy, Northern Development and Mines (ENDM). NOHFC, as a board-governed agency has an appointed Board of Directors, and the Minister of ENDM, is the Chair of the NOHFC Board of Directors.

NOHFC's objectives are set out in the *Northern Ontario Heritage Fund Act* as follows:

- a) to advise and make recommendations to the Lieutenant Governor in Council on any matter relating to the growth and diversification of the economy of Northern Ontario;
- b) to promote and stimulate economic initiatives in Northern Ontario; and
- c) to commission studies and enter into contracts in connection with the objects set out in clauses (a) and (b) above.

As a funding agency, the NOHFC delivers financial assistance through programs that offer conditional contributions and loans to municipal, Indigenous, not-for-profit, and/or business applicants.

With the government's Treasury Board/Management Board of Cabinet (TB/MBC) approval of NOHFC's renewed programming outlined below and a time-limited COVID-19 support Northern Ontario Recovery Program (NORP). This provincial support recognizes the vital role the NOHFC will continue to have as Northern Ontario prepares for and embarks upon economic recovery and long-term growth.

The NOHFC's renewed funding programs are as follows:

1. Community Enhancement Program
2. Invest North Program
3. People and Talent Program
4. Cultural Supports Program

## 1.1 Strategic Direction

### NOHFC (Agency) Mandate Letter

In October 2020, the Honourable Greg Rickford, Minister of Energy, Northern Development and Mines, provided a mandate letter to NOHFC's Vice-Chair of the

Board of Directors, outlined the following expectations for NOHFC in the 2021-22 fiscal year:

- Providing superior client service.
- Delivering renewed NOHFC programming that will:
  - make it easier for more people and businesses to apply;
  - support more projects in rural northern communities;
  - target existing and emerging market opportunities;
  - provide more work opportunities for Indigenous people;
  - address the skilled labour shortage; and
  - aid in the recovery from COVID-19.
- Supporting broader Northern Ontario planning efforts and regional economic development priorities.

As part of the Government of Ontario, agencies are expected to act in the best interests of Ontarians by being efficient and effective, and by providing value for money to taxpayer. This includes:

### **1. Competitiveness, Sustainability, and Expenditure Management**

- Operating within agency's allocations.
- Identifying and pursuing opportunities for innovative practices, and/or improved program sustainability.
- Identifying and pursuing efficiencies and savings.

### **2. Transparency and Accountability**

- Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting.
- Adhering to requirements of the Agencies and Appointments Directive, and responding to audit findings, where applicable.
- Identifying appropriate skills, knowledge, and experience needed to effectively support the Board's role in agency governance and accountability.

### **3. Risk Management**

- Developing and implementing an effective process for the identification, assessment and mitigation of risks, including planning for and responding to emergency situations, such as the COVID-19 pandemic.

### **4. Data Collection**

- Improving how the agency uses data in decision-making, information sharing and reporting, including by leveraging available or new data solutions to inform outcome-based reporting and improve service delivery.
- Supporting transparency and data sharing with the ministry, as appropriate.

### **5. Digital Delivery and Customer Service**

- Exploring and implementing digitization or digital modernization strategies for the provision of services online and continuing to meet or exceed customer service standards through transition.

- Using a variety of approaches or tools to ensure service delivery in all situations, including the COVID-19 pandemic.

## 1.2. NOHFC Strategic Plan

The NOHFC's strategic plan was developed by the NOHFC Board of Directors in consultation with the staff of NOHFC and the Ministry of Energy, Northern Development and Mines (ENDM). Reviewed annually by the NOHFC Board, the plan sets out the strategic framework of the NOHFC including the Vision, Mission, guiding principles and strategic priorities.

### Vision

The NOHFC will be a catalyst for key strategic investments to stimulate economic development and diversification in Northern Ontario.

### Mission

To partner with communities, not-for-profits, businesses, and entrepreneurs across Northern Ontario to create jobs and strengthen the economy.

### Guiding Principles

The following principles provide overall program direction throughout NOHFC's day to day operations, irrespective of changes in its goals, requirements or resources.

#### Recognition of Northern Ontario's Unique Circumstances

The renewed NOHFC programs and initiatives will continue to be an important means of recognizing the unique needs of Northern Ontario, in the support of a strong resilient Ontario. The NOHFC enhanced its new programs and services in response of today's path to recovery to build a stronger economy.

#### Adaptability

The strategic planning process is an ongoing process that provides the NOHFC with a management tool for adapting to changes in the future.

#### Reflective, Flexible and Forward-Thinking

It is the intent that the NOHFC Board of Directors will review the strategic priorities and plans, at minimum, on an annual basis. This year, the Board conducted a thorough analysis through the program renewal process for NOHFC that has been reflective of the changes required to support economic growth in the north.

#### Inclusiveness

NOHFC will continue to develop and deliver its programs and initiatives in a manner that recognizes the needs of the North's diverse communities including, but not limited to, Indigenous communities and individuals, and the North's other demographic groups.

## 1.3. Strategic Priorities

Throughout the strategic development of the renewed NOHFC programming, several priorities were identified which NOHFC will support through its programming. As a subset of the NOHFC renewed programs, the NOHFC will support the following strategic project categories including:

### **Innovation, Research and Development, and Commercialization**

Supporting applied research and development projects and initiatives that lead to innovative products and services with commercialization potential.

- Support and encourage partnerships among educational institutions, research organizations, and industry to develop and grow innovative products and industries in northern Ontario.
- Support the commercialization of ideas and innovation in partnership with northern stakeholders.

### **Creativity, Productivity and Entrepreneurial Development**

Supporting an environment that promotes creativity, productivity and entrepreneurial development.

- Support collaboration with educational institutions and industry to promote productivity and entrepreneurial development.
- Assist northern stakeholders to attract and retain a highly skilled and creative workforce.
- Provide assistance to entrepreneurs at various stages of their business' growth.

### **Partnerships and Collaboration**

Maximizing opportunities to leverage NOHFC funding through partnerships and collaboration to ensure the success of projects and sustainable economic outcomes.

- Engage leaders in economic development discussions to increase awareness, knowledge and access to NOHFC programs.
- Support projects that demonstrate collaboration and partnership amongst public and private sector organizations in northern Ontario.
- Work collaboratively with other funding partners to assist in the development and funding of projects that result in job creation and support a growing and sustainable northern Ontario economy.

Internally at NOHFC, the agency will continue to focus on:

### **Organization Development and Renewal**

Engaging in continuous improvement and human resource development to improve the efficiency, effectiveness, access and delivery of NOHFC programs as well as improve performance measurement.

- Continued development of information technology capabilities and enhance existing systems to improve access for clients to NOHFC programs and NOHFC staff to program statistics.
- Implement regular, ongoing dialogue between the NOHFC Board and staff to plan and engage in strategic thinking in the new and emerging opportunities and key government initiatives.
- Develop business approaches and best practices that allow staff and program delivery partners to proactively communicate and work with stakeholders to promote and facilitate access to NOHFC programs.
- Provide the tools and training to enable staff and the Board to fulfill their roles and responsibilities effectively in an increasingly demanding environment.

### **Awareness, Education and Recognition**

Develop effective marketing, communication, and outreach tools that increase awareness, understanding and recognition of NOHFC, its programs and processes.

- Develop effective marketing and communications tools that increase awareness and recognition of NOHFC and its programs.
- Develop effective marketing and communications tools to educate targeted clients to improve access to NOHFC programs.

## **2. Northern Ontario Economic Landscape**

The following is a general overview of the demographic, economic and labour market indicators and trends, in Northern Ontario. In addition, information about the North's key economic sectors and activities are outlined. The overview is updated as new information becomes available from data sources and involves extensive intra-ministerial consultation and collaboration.

Northern Ontario has seen growth and some diversification of its economy. However, the region continues to rely on the primary resource extraction sectors that are tied to global commodity prices and market demand. As a result, it is anticipated that the region will continue to experience pronounced boom and bust economic cycles.

Over the past number of years there has been a modest increase in the Northern Ontario's Gross Domestic Product (GDP).

### **2.1. Northern Ontario Overview**

#### **Demographics and Workforce**

As the North continues to grapple with challenges such as a declining population, youth out-migration, and a current shortage of skilled workforce in several sectors, future labour force growth and supply is essential to drive northern Ontario's economic growth.

Northern Ontario represents 90 per cent of the provincial land mass, with a population of approximately 810,000. The regional representation is 5.5 per cent of the provincial population and a population density of approximately one person per square kilometre in Northern Ontario, compared to 124 people per square kilometre in Southern Ontario. Data collected from the 2016 Census<sup>1</sup> indicated, more than half of the population (61 per cent) is concentrated in the North's five largest centers of Greater Sudbury, Thunder Bay, Sault Ste. Marie, North Bay and Timmins.

Despite this relative population concentration, Northern Ontario's population has a higher rural component than the population in Southern Ontario (36.1 per cent vs 14.0 per cent in the south). Over 85 per cent of the municipalities in Northern Ontario have a population under 5,000 and nearly half (49 per cent) of all municipalities in Northern Ontario have populations of under 1,000. Only 20 per cent of all municipalities in Ontario have a population of fewer than 1,000. Nearly 90 per cent of all municipalities in Ontario under 1,000 are in Northern Ontario.

The Ontario Ministry of Finance indicates that the population of Northern Ontario is projected to be relatively stable over the projection horizon, with a slight increase of 1.8 per cent, from 811,000 in 2019 to 826,000 by 2046. Within Northern Ontario, the Northeast is projected to see population growth of 7,000 people or 1.2 per cent, from 568,000 to 575,000. The Northwest is projected to experience growth of 8,000 people or 3.3 per cent, from 243,000 to 251,000<sup>2</sup>.

The young and growing Indigenous population is poised to play an increasingly important role in meeting the region's future labour needs. Northern Ontario's Indigenous population is 17 per cent, compared to 2.8 per cent of the Indigenous population of Southern Ontario. The Indigenous population is predicted to make up as much as 40 per cent of the youth population in northwestern Ontario, and 15-20 per cent of the youth population in northeastern Ontario, over the next 15 years. Forty-one per cent of Ontario's Indigenous population is under 25 years of age (an increase of 46 per cent since 2006). Twenty-four percent of Ontario's Indigenous population is under 15 years of age, an increase of 39 per cent since 2006.

In 2016, 19.8 per cent of the population in Northern Ontario was 65 years and older (versus 16.7 per cent in Ontario in 2016). The provincial median age is 41.3 years (increase of 0.9 years from 2011 Census), which is relatively lower than all northern Census Divisions except for Kenora District, where the median age is 36.5 years.

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<sup>1</sup> The next Census of Population will take place in May 2021. Generally, Statistics Canada undertakes a census every five years.

<sup>2</sup> Ontario Ministry of Finance, Ontario Population Projections Update, 2019-2046 (<https://www.fin.gov.on.ca/en/economy/demographics/projections/>)

## Economic Performance

Northern Ontario's economic output, at 5.5 per cent of Ontario's GDP, is in line with its relative population (estimated at 5.5 per cent of the province in 2020). Between 2019 and 2020, total employment in Northern Ontario decreased by 15,900 workers (down from 351,900) to 336,000 in 2020.

Employment across Northern Ontario was dramatically impacted by COVID-19. Between February and May 2020, Northwestern Ontario experienced a 15.8% decline in employment, while Northeastern Ontario experienced a decline of 10.9%. However, recovery has been seen since May, with increases in employment detected in both the Northeast and Northwest. By December 2020, the Northwest had nearly regained all employment losses due to the Pandemic since May 2020.

Despite its diversification efforts, Northern Ontario remains heavily reliant on public sector employment, with health care and social assistance, education and public administration making up the largest sectors by employment share (estimated at 34.5 per cent of the North's total employment in 2020 compared to 25.3 per cent provincially).

Many of the region's communities continue to depend on primary industries such as mining and forestry, which accounted for 5.9 per cent of the North's total employment in 2020, as compared to only 0.5 per cent for the province. Additional innovation and diversification of value-added opportunities within these sectors and building on existing 'clusters' and the expertise related to those primary industries could help the northern economy better withstand the impacts of boom/bust cycles in primary resource sectors.

## COVID-19 Pandemic

The coronavirus disease was initially an unknown infection in Fall of 2020, which quickly spread affecting the economic stability and impacting the health of humans globally at an unprecedented speed, not experienced in almost a century. As a result, this has caused major political, economic and social upheaval around the world.

Protecting the health of human lives has remained the highest priority of Ontario. The global support to mass-produce personal protective equipment was immediate in early 2020. To help decrease the spread of COVID-19, social distancing, travel restrictions, regional lockdowns and 'work from home' orders were implemented across several parts of the province, as well as nationally and internationally. As a result, several sectors experienced a significant loss to revenues, business closures, and loss of jobs that impacted families, the labour force, education methods and slower movement of transporting goods and services. While other sectors experienced unexpected substantial growth and opportunities from either consumer demand or shifting their business lines to meet the needs and impacts resulting from the pandemic. Both of which occurred in Northern Ontario.

Looking beyond wide-spread immunization against COVID-19, it is anticipated that there will be new opportunities which will lead to re-growth and the building of a resilient Northern Ontario.

## 2.2. Key Economic Sectors & Activities

### Mining

In 2019, \$10.7 billion worth of minerals were produced in Ontario (approximately 77 per cent metallic and 23 per cent non-metallic minerals). Furthermore, a total of \$497 million was spent on mineral exploration in Ontario in 2019. The mining sector, with a significant presence in Northern Ontario, has shown solid growth over the past 10 years and forecasted to keep growing over the long term.

Northern Ontario is home to 30 of the 31 metal mines in Ontario and also one major industrial mineral mining operation. As of March 19, 2019, there were 253,000 active mining claims in good standing in Ontario, the majority located throughout Northern Ontario<sup>3</sup>.

Ontario remained the leading jurisdiction in Canada for mineral production in 2018, most of which occurs in Northern Ontario. Mineral exploration expenditures increased moderately in 2018 in Ontario and around the world due to higher metal prices. The current outlook for exploration over the next couple of years is for moderate improvement if metal prices continue to improve. Currently, Ontario has a pipeline of projects that includes approximately 25 advanced mineral exploration projects.

The 2020 Fraser Institute Annual Survey of Mining and Mineral Exploration Companies<sup>4</sup> ranked Ontario 20th on the Investment Attractiveness Index (out of the 77 jurisdictions assessed in the survey) with a score of 76.43 per cent (down slightly from 16th in 2019). The survey is an attempt to assess how mineral endowments and public policy factors such as taxation and regulatory uncertainty affect exploration investment.

The mining sector directly supports more than 26,000 jobs and is supported by over 900 mining supply and services companies, which employs more than 40,000 additional people. The province's mining sector generates more than \$1 billion in labour income annually. In Ontario, Indigenous employment accounts for 11.2% of direct mining jobs of the total mining jobs up from 9.7% in 2011.

### Ring of Fire

Ontario's Ring of Fire is the mineral resource-rich area of approximately 5,120 km<sup>2</sup> located in the James Bay Lowlands region of Northern Ontario

<sup>3</sup> <https://www.investinontario.com/mining#secure>

<sup>4</sup> <https://www.fraserinstitute.org>

The Ring of Fire (ROF) has a significant mineral potential, including deposits of several minerals such as nickel and chromite. These deposits ensure Ontario is well-positioned to contribute to the North American requirements and is to benefit from strategic trade and investment opportunities.

Based on a 2016 study completed by the Centre for Spatial Economics<sup>5</sup>, the development of the ROF is expected to create over an average of over 5,800 jobs per year over the first 10 years, grow the economy by a total of \$14.6 billion and generate additional provincial government revenue of \$218 million per year.

Noront Resources currently holds interests as owner or partner through joint ventures in about 39 per cent of the mining claims in the area and their near-term focus is on Eagle's Nest nickel deposit. They have begun evaluating a longer-term opportunity for development of chromite and the location of a future potential ferro-chrome processing facility has been announced to be built in Sault Ste. Marie, Ontario, creating additional value add to Ontario's economy.

The other major claim holder in the area is Juno Corp who currently holds interests as owner or partner through joint ventures in the other 40 per cent of the mining claims in the area. Noront and Juno Corp jointly hold interest together in an additional 11 per cent of the Ring of Fire mining claims.

## Forestry

The forestry sector remains an important employer across all regions of Ontario. According to Statistics Canada's Labour Force Survey, Ontario's forestry sector employed an estimated 48,900 people in 2019. The sector supported an estimated 155,000 direct, indirect, and induced jobs. Roughly, one in four northern communities depends significantly on the forestry sector for employment income.

Northern Ontario accounts for all the province's annual market pulp production (approximately 1.2 million tonnes) and newsprint production (400,000 tonnes). There are currently five operating pulp and paper mills in Northern Ontario. The province's 25 largest sawmills produce 95 per cent of the province's lumber, of which 19 are in the North.

The majority of 2020 has been an unpredictable year in the forestry sector. In spring 2020, most industry participants anticipated a deep, long-lasting recession. Builders cut new housing starts nearly in half, mills slashed production, and buyers withdrew from the markets, causing lumber prices to plunge in March and April. Consumers had different plans, though. With interest rates at historical lows, disposable income up (because of government transfer payments), and a complete lack of alternative

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<sup>5</sup> Centre for Spatial Economics, [www.c4se.com](http://www.c4se.com)

places for consumers to spend their time and money, demand for new homes and residential improvements surged for most of the 2020.

As a result, lumber demand exceeded expectations and prices reached record levels in summer of 2020. The lumber supply and demand imbalance, which caused prices to reach record highs started to balance off in late fall and lumber prices dropped by 17% and 22% in November and December respectively. New softwood lumber duty rates, which brought duties on softwood lumber shipments to the US to less than one-half, were imposed in November 2020. This has also helped reduce the lumber prices in November and December, but lumber prices are again rising.

Going forward, the new variants of COVID-19 cases in the US and Canada are creating severe labour shortages in several regions, causing some employees to miss shifts and other employees to be hesitant about coming back to work over infection concerns. This may pose significant challenges to mills' ability to sustain steady production levels, which will cause prices to be high and volatile in the near future.

Oriented Strand Board (OSB) prices had an unprecedented run in 2020. Prices began to surge in July as housing starts showed remarkable recovery in the face of the pandemic. The price of 7/16" OSB sold in the North Central US, rose from US\$ 310/MSF (per thousand square feet) in the first week of July, to US\$ 690/MSF in the last week of September. The combination of much stronger-than-expected demand fueled by very strong homebuilding industry both in the US and Canada, along with capacity curtailments created a perfect situation for very high prices of OSB. In 2021, consumption is expected to grow at a compound annual growth rate of 8.1%<sup>6</sup>.

The systemic decline in newsprint demand has now spread to every major world region. Despite the decline in world demand, the major withdrawal of capacity in both the mature and emerging markets will allow global operating rates to improve. Thanks to aggressive capacity closures, utilization remained high through 2020, in line with the pre-2009 level. COVID-19 accelerated demand declines as school and office closures caused printing and writing paper demand to crater, and demand decreased 25% from 2020. Demand is not expected to fully recover, and many facilities are looking to transition to packing and other specialty products that have a brighter future.

During the initial stages of the pandemic, pulp demand increased as sanitary items like tissue and toiler paper were in short supply, and subsequently prices fell after that initial surge. It now appears that the direct impact of COVID-19 on pulp markets have dissipated, and the focus has shifted to underlying market fundamentals and the trajectory of the recovery. As demand continues to recover from the depths of the pandemic mid-year, the supply side of the market remains tight due in large part to delayed, and in some cases extended, maintenance downtime. In summary, experts

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<sup>6</sup>Global Fire Retardant OSB (Oriented Strand Board) Market 2021 Production, Revenue, Growth Rate, Price and Gross Margin, Opportunities and Forecast 2026 ([www.marketwatch.com](http://www.marketwatch.com))

anticipate both softwood and hardwood kraft pulp prices will move markedly higher during the first half of 2021.

Worldwide, total pulp consumption is projected to grow at a modest average annual rate of 1.9 per cent per year in the next five years. The two key drivers of the rising consumption are the upward trend in the production of tissue paper throughout the world and the steady rise over time in fluff pulp demand.

## Agriculture

According to Statistics Canada and the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA), in 2016 agriculture related businesses employed 43,605 people in Northern Ontario. Furthermore, in 2016 Northern Ontario farm cash receipts for goods produced totalled approximately \$187 million (not including aquaculture operations)<sup>7</sup>.

The agri-food sector is comprised of primary agriculture, food, beverage and tobacco processing/manufacturing, wholesale and retail and food services. Northern Ontario's 1985 farms utilized 817,244 acres of farmland to grow crops and raise livestock. The number of farms in Northern Ontario represents approximately four per cent of the provincial total. The two largest sub-sectors of Northern Ontario's agriculture sector are dairy and beef, which represent 44 per cent of the total cash receipts in Northern Ontario.

Although aquaculture is not captured in agriculture census data, it is the third largest agriculture production sub-sector in Northern Ontario with approximately \$20 million in cash receipts annually. Northern Ontario aquaculture represents more than 90 per cent of Ontario's open-water-net-pen rainbow trout production with an estimated value of \$16 million.

Other significant agricultural production in Northern Ontario includes hay, canola, soybeans, barley, oats, maple syrup, potatoes and horticulture crops. New crop and livestock production technologies, low priced land, a warming climate, and growing world population are generating significant interest in growth of the agriculture, aquaculture and food processing sector in Northern Ontario.

While a Canada-United States-Mexico (CUSMA) free trade deal has been negotiated, uncertainty remains as the CUSMA will see Canada lift class 7 pricing on some Canadian-produced milk ingredients and open 3.5 per cent of its domestic dairy market.

## Tourism

Tourism remains a significant sector for employment in Northern Ontario with one in five businesses in Northern Ontario being in this sector. In 2016, 9,457 people (7,757

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<sup>7</sup> Rural and Agri-Food Corporate Policy Branch, OMAFRA – October 2018

directly employed, 796 indirectly employed and 905 induced employment positions) were employed in this sector. In addition, the tourism sector employs the greater proportion of the region's young workers (aged 15-29).

From a financial impact on the economy perspective, in 2018 there were 9.2 million visits to the North with tourism receipts totalling \$1.6 billion. Furthermore, in 2016 Nature-based tourism in Northern Ontario contributed \$1.4 million to Ontario's GDP in 2016<sup>8</sup>.

Over 50 per cent of visitors to Northern Ontario, come to enjoy the outdoors and over 90 per cent of the economic benefits derived from tourists are retained within the region. Northern Ontario attracted a higher proportion of overnight trips than did the rest of the province or the country. Nature-based tourism is dominant across the three sub-regions that comprise the Northern Ontario Tourism Profile RTO13 (Northeast, Central and Northwest).

A recent 2017 study, by the Canadian Federation of Outfitter Associations (CFOA) states that out of \$1.8 billion spent in the outfitting industry in Ontario, \$1.4 billion is spent by US and International clients.

Resource-Based Tourism (RBT) businesses which are primarily seasonal in nature, operating from May to October, have not been able to attract their existing target market from the US due to the ongoing closure of the US border due to the COVID-19 pandemic. Further impacts including the limited ability to pivot to a domestic market, either due to financial constraints or lack of access to a proximate market has exasperated the challenges in this sector.

RBT businesses who were able to retain deposits for 2020 visits (rather than refunding) by postponing the visits into 2021 will also not be collecting new deposits or bookings over this coming winter.

Many RBT businesses, particularly those who operate fly-in lodges and outpost camps, have significant fixed costs for assets like float planes, boats, motors, and other recreational vehicles, in addition to ongoing mortgage/lease, insurance and utility costs. The uncertainty over when the border may re-open and whether Ontarians should travel beyond hyperlocal areas is a challenge that prevents operators from planning ahead and resume operations for the 2021 spring and summer season.

As a result of the unprecedented impact to pact to the tourism industry, notably northern Ontario, Destination Northern Ontario (DNO) has outlined key solutions and goals for

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<sup>8</sup>Ontario Ministry of Tourism, Culture and Sport, Regional Tourism Profiles RTO 13, 2017

long-term recovery in the 'Path to Prosperity: A Covid-19 Response Plan'<sup>9</sup>. The focus and goal of this plan is to:

- 1) Build on and nurture the momentum, initiative and innovation of the tourism industry across Northern Ontario to date; and
- 2) Identify and build action plans to address longer-term pan-Northern Ontario opportunities and challenges for the tourism sector that need attention, created as a direct result of COVID-19 to position the industry for long term success.

On March 10<sup>th</sup>, 2021, the Ontario's Ministry of Heritage, Sport, Tourism and Culture Industries, announced the new Tourism Economic Recovery Ministerial Task Force that will provide expert advice and recommendations on how to help the province's \$36-billion tourism industry recover from the COVID-19 pandemic. This is the initial development to build out a 5-year plan that will help Ontario recover, rebuild and then re-emerge as a premier visitor destination in the world. As part of the short-term recovery efforts and to kick-start the tourism industry, the Ontario government is committing to provide Ontario residents with support of up to 20 percent for eligible Ontario tourism expenses to encourage them to safely discover Ontario.<sup>10</sup>

## Arts, Culture and the Creative Industries

In 2018, Culture contributed \$26.7 million to Ontario's GDP and employed 277,430 positions<sup>11</sup>. Although data is not yet available to show impacts of COVID-19 pandemic on culture and sport, activity in these sectors were sharply curtailed. Non-essential businesses engaging in culture and sport activities faced closures as large gatherings were restricted starting in March 2020 and continued throughout the remainder of the year.

In May 2020, Ontario created a 'Framework for Reopening the Industry' for the film industry. Stage-One of the province's re-opening plan included the opening of film and television post-production, visual effects and animation for all of Ontario. In June 2020, Stage-Two of the plan, allowed a regional approach to re-opening all remaining film and television production activities with all companies operating in Ontario required to have a COVID-19 plan in place for their production.

With over 20 production projects successfully completed, Northern Ontario continues to see production activity since the reopening in June 2020. Although increases in insurance premiums or lack of available insurance for productions continues to be an issue worldwide, productions are planning their projects accordingly to mitigate their risks.

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<sup>9</sup> <https://destinationnorthernontario.ca/>

<sup>10</sup> <https://news.ontario.ca/en/release/60616/ontario-establishes-tourism-economic-recovery-task-force>

<sup>11</sup> Statistics Canada, Provincial and Territorial Culture Indicators, 2018

Since 2013, the NOHFC has supported over 198 film and television projects in Northern Ontario, with an investment totalling over \$142 million which has leveraged another \$700 million in investments from other sources. Most productions have concentrated in Sudbury, North Bay, and Sault Ste. Marie areas. However, other popular locations include Timmins, Thunder Bay and Parry Sound. Support has been provided for productions with budgets ranging from \$100,000 to \$30 million. Popular productions receiving NOHFC support include CBC's *Cardinal*, CraveTV's *Letterkenny*, the Hallmark series *When Hope Calls* and features such as *Through Black Spruce*, *Indian Horse*, *The Kid Detective* and *The Rest of Us*.

## Advanced Manufacturing

In addition to Northern Ontario's traditional reliance on resource sectors, the manufacturing sector represents a significant contributor to the Northern economy with approximately 1,227 manufacturing firms, employing over 21,600 people, which includes a 12 per cent increase from the previous year<sup>12</sup>. Advanced manufacturing is also becoming more significant and integrated as part of these resource sectors as they adopt new technologies and processes.

Advanced manufacturing includes companies that utilize innovative applications such as leading-edge robotics, automation and computer-integrated manufacturing to develop their products. New manufacturing techniques and equipment, in combination with information technology and micro-electronics, have resulted in innovative manufacturing processes used in northern companies. This includes firms involved with mining, telecommunications, chemicals and plastics, transportation (rail and aerospace), food processing, and the automotive parts sector.

Northern Ontario's mining and forestry sectors helped to establish advanced manufacturing in the North. In order to compete effectively both industries have had to modernize to reduce their production costs and improve workplace safety. Where once miners had to operate heavy machinery underground in places where safety was of concern, now automated remote handling allows for the safe operation and movement of mining equipment thousands of metres below. In other instances, computer-integrated manufacturing (CIM) is applied in machine shops for creating tools used in the production of parts and accessories for computer-controlled mining and forestry equipment.

Furthermore, rail car manufacturing and assembly plays a significant role in the northern economy. Employment levels in this segment can fluctuate significantly based upon the number of orders for work which the businesses can obtain. At one point in time, rail manufacturing and assembly directly employed more than 1,200 in the north, with a significant concentration of jobs in Thunder Bay.

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<sup>12</sup> ENDM 2021

The opportunities generated by the continued growth of advanced manufacturing in Northern Ontario will continue to rely on a dependable supply and well-trained, highly skilled workers. Employers, tradespeople and students all need ready access to state-of-the-art training and education to stay current on new technology and its application to a variety of manufacturing processes.

The continued development and adoption of innovative applications and technologies will ensure that northern companies remain competitive in global markets.

## Steel

Northern Ontario is home to Canada's second largest integrated steel producer, Algoma Steel Inc, located in Sault Ste. Marie. Algoma Steel is also Northern Ontario's second largest private sector employer and the largest private sector employer in Sault Ste. Marie. Algoma Steel directly employs 2,700 employees and supports a total of approximately 13,500 direct and indirect jobs, which amounts to 15 per cent of the city's employment.

The company acts as an economic driver in not only Sault Ste. Marie, but also across the region. The steel manufacturing sector and the related supports sector attracts numerous other related industries and supplements the skilled labour pool. When Algoma Steel is in standard operation, the company spends over \$1.2 billion annually on supplies/services and raw materials including \$120 million locally in Sault Ste. Marie<sup>13</sup>.

The steel industry will continue to face risks associated with volatile steel prices, competition from less expensive imported steel and implications associated with the tariffs imposed on selling into the primary market for steel in the US. Despite these risks, the company continues to invest significant capital to modernize the facility to maintain key competitive advantages and improve weaknesses as they pertain to near obsolete equipment affecting production processes.

## 3. ENDM Mandate, Priorities, Initiatives

The Ministry of Energy, Northern Development and Mines works to promote Northern Ontario's economic and community development. To accomplish that the government has undertaken several initiatives detailed below.

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<sup>13</sup> ENDM 2021

## 3.1. Ontario's Action Plan: Protect, Support, Recover

In May 2020, the government announced a comprehensive action plan to respond to the serious health and economic impacts of COVID-19. Ontario's *2020 Budget* set out a total of \$45 billion in support over three years to make available the necessary health resources to continue protecting people, deliver critical programs and tax measures to support individuals, families and job creators impacted by the virus, and lay the groundwork for a robust long-term economic recovery for the province.

### Northern Ontario Recovery Program (NORP)

The government recognized the unique needs of Northern Ontario's economy in the face of the COVID-19 pandemic. For this reason, the NOHFC launched the Northern Ontario Recovery Program (NORP) in September 2020 to support small and medium sized businesses in adapting to local public health guidelines to continue to serve their communities and customers, while keeping their employees safe.

This time-limited short-term program covered 100 per cent of eligible costs and was administered by NOHFC.

NORP was responsive to the needs of northerners as NOHFC received an overwhelming number of applications and committed to approximately \$26.5 million in funding support.

## 3.2. Ontario's Jobs and Recovery Committee

### Minister's Northern Advisory Council

The Minister of Energy, Northern Development and Mines (ENDM) established a Northern Advisory Council (the Council) to support the identification of opportunities to collaborate with business, industry, and sector experts on a Northern Ontario approach to address the challenges of COVID-19 in support of economic recovery.

Over the course of several meetings, the Minister of ENDM received comprehensive insight and advice from Council members, whose experience and expertise span a range of Northern Ontario business, industry, and community economic development spheres. Council members provided thoughtful and meaningful feedback at each meeting and thorough written submissions. This work has contributed significantly to the government's understanding of COVID-19 impacts in Northern Ontario, government action taken in the region to mitigate the impacts, and potential opportunities to support the recovery of Northern Ontario's economy. This also includes incorporating responses and observations into NOHFC's renewed Programing launched in February 2021.

### 3.3. Open for Jobs Blueprint

In 2018, as part of the Ontario Economic Outlook and Fiscal Review: A Plan for the People, the government committed to a review of all business support programs and services to determine their effectiveness, value for money and sustainability.

This review found that Ontario's business support programs and services were not well-aligned with the priorities of the government and required performance measurement data to ensure value, efficiency or effectiveness.

Based on the recommendations of the review, the Open for Jobs Blueprint (OJB) outlined a plan to modernize Ontario's business supports.

The OJB provides a framework and set of design principles to ensure new and existing business support programs and services will yield the greatest value for money, deliver measurable results, and work together to create good jobs and grow the economy.

The key principles for business support programs are:

- Accessible
- Fiscally responsible
- Coordinated and scalable
- Effective

Additionally, the economic priorities for business support programs are:

- Talent
- Research and commercialization
- Entrepreneurship and growth
- Investment attraction

Although NOHFC programming includes more than business support programs, ENDM structured the program renewal development to ensure consideration of, and alignment, as appropriate, with the OJB. ENDM and NOHFC have worked closely with MEDJCT to support the broader provincial Business Support Transformation Initiative, which has helped to inform and shape the recommendations for renewed NOHFC programs.

### Open for Business – Burden Reduction & Red Tape Reduction

In January 2019, the Ontario government introduced the 2-year Regulatory Burden Reduction Strategy “Unleashing a Competitive Ontario by Cutting Overregulation – Lowering the Cost of Doing Business Strategy.” This strategy directed ministries to review legislation and regulations in order to reduce unnecessary costs and regulatory compliance requirements for business while protecting health, safety and the public interest.

Subsequently, and as part of the *Modernizing Ontario for People and Businesses Act, 2020* (the Act), Ontario is committed to fostering a strong business climate that supports growth while ensuring appropriate regulatory oversights that protect the public, workers and the environment. The use of smarter and technology-enabled solutions to existing regulations are encouraged.

Streamlining of Ontario's regulatory system is ongoing, through twice-annual burden reduction and regulatory modernization packages — ending duplicative or outdated rules that place burdens on businesses, municipalities, universities and colleges, school boards and hospitals.

Open for Business directs ministries take a modern regulatory approach to review legislation and regulations in the following priority order:

- the most burdensome Acts, as declared by business stakeholders;
- additional burdensome legislation and regulations based on business feedback from Minister's roundtables, consultations, Red Tape Challenges, and journey mapping of business interaction with government;
- the general stock of legislation and regulations affecting business under the Twice Annual Effective Dates including those that are outdated, irrelevant, or unenforced; and
- any regulations that need to be reviewed, redesigned and rewritten to align with the burden reduction principles, requirements and regulatory impact analysis.

In response, the NOHFC has streamlined the application process and moved to a single dynamic application form that auto-populates generic questions seen across all forms and intelligently adds questions that are specific to the program the client is applying to.

## 4. Overview of NOHFC's Current Programs

### NOHFC's Renewed Programs

In February 2021, the NOHFC launched its renewed funding programs. The flexibility in the design of the renewed programs is intended to enable NOHFC clients to pursue investing in their businesses, help build strong and resilient northern communities, to attract, retain and develop Northern Ontario's workforce, and to showcase Northern Ontario's culture, geography and talent.

#### Invest North Program

The Invest North Program is designed to boost economic growth in Northern Ontario by encouraging businesses to invest in transformative, strategic and complementary business development opportunities in Northern communities.

The program will support productivity, innovation, business competitiveness, revenue growth, export capacity development, and job creation and retention.

- **Innovation Stream:** The Innovation Stream supports the research, development and commercialization of new and innovative technologies in Northern Ontario.
- **Innovation – Industrial Research Chair:** The Industrial Research Chair (IRC) initiative is designed to establish and enhance research capacity at Northern Ontario universities, colleges, and research institutions.
- **Investment - Launch Stream:** The Launch stream is designed to assist with the launch of a new businesses in Northern Ontario.
- **Investment – Grow Stream:** The Grow stream is designed to assist with the growth and expansion of existing business in Northern Ontario.
- **Investment – Locate Stream:** The Locate stream is designed to assist with locating new business operations to Northern Ontario.
- **Regional Tile Drainage:** The Regional Tile Drainage Initiative is designed to support the agriculture sector in installing tile drainage to increase the amount and improve the quality of arable land in Northern Ontario resulting in more productive growing seasons and increased crop yields for producers.

## People & Talent Program

The People & Talent Program is designed to attract, retain and develop Northern Ontario's workforce by targeting new entrants into the workforce, those transitioning to a new career, the unemployed and underemployed. This includes the hiring of apprentices under a registered apprenticeship program.

The People & Talent Program is comprised of two funding streams:

- **Indigenous Workforce Development Stream:** Strengthening and developing Northern Ontario's Indigenous workforce through businesses partnerships by offering internships to Indigenous persons.
- **Workforce Development Stream:** Strengthening and developing Northern Ontario's workforce through business partnerships by offering internships.

## Community Enhancement Program

The Community Enhancement Program is designed to help build strong and resilient Northern communities through infrastructure investments, to upgrade/repair existing assets to improve community quality of life, economic-development infrastructure and strategic economic development initiatives.

- **Rural Enhancement Funding Stream** supports rural municipalities, Indigenous communities, not-for-profit organizations, and Local Services Boards having or serving a population of less than 30,000.

- **Enhance Your Community Stream** support municipalities, Indigenous communities, not-for-profit organizations, and Local Services Boards located in Northern Ontario.

## Cultural Supports Program

The Cultural Supports Program is designed to help showcase Northern Ontario culture, geography and talent through event partnerships and the production of films and television series.

- **Community Events Stream** supports organizations that host events that increase community profile and promote economic development in Northern Ontario.
- **Film & Television Stream** is designed to increase industry jobs and investments and to increase quality, original film and television productions produced in Northern Ontario, while showcasing its culture, geography, stories and talent.

## 5. Performance Measures

Performance measures are an essential management tool for public sector organizations, such as NOHFC. Well-designed measures enable sound agency and ministry decision-making, highlight and track improvements in programs/services, and fulfill accountability requirements through reporting on results. Performance also signals areas needing attention and improvement, and emphasizes the improvement and value made by the program or service.

The following sections highlights NOHFC's performance tracking and results.

## 5.1. Key External Performance Measures

### Number of Full-Time Jobs Being Created/Retained

The revised NOHFC funding programs will remain focused on job creation. As such, NOHFC will provide funding to projects in Northern Ontario that result in the creation and/or retention of jobs.

Total Job Creation		
Fiscal Year	Created & Sustained Jobs	Target
2018-19	2,307	3,500
2019-20	3,542	3,000 <sup>14</sup>
2020-21	1,083 <sup>15</sup>	3,000
2021-22	N/A	3,000

### NOHFC Investment Dollars Leveraged from other Partners

Funding provided by NOHFC to projects and/or initiatives in Northern Ontario will leverage external funding. This increase in investment through leverage of funding by NOHFC will provide opportunities to create jobs in a broad range of economic sectors in Northern Ontario.

Leverage Ratio		
Fiscal Year	Actual	Target
2018-19	4.15	3
2019-20	3.91	3
2020-21	2.78 <sup>15</sup>	3
2021-22	N/A	3

The target ratio of the NOHFC investment dollars leveraged from other partners is 3:1. It should be noted that NOHFC programs generally only require 1:1 ratio as funding is generally limited to 50% of eligible project costs.

<sup>14</sup> There is a strong correlation between NOHFC investments and job creation. Based on statistical analysis, the Ministry recommended NOHFC's performance target for 2019-20 be adjusted to 3,000 from 3,500 based upon a forecasted decrease in project approvals.

<sup>15</sup> Including up to December 31, 2020 and does not include NORP job creation and retention.

## 5.2. Non-Key Performance Measures

### Client Satisfaction

The client satisfaction with the NOHFC, its service delivery providers and its programs are assessed on an annual basis. Measures of client satisfaction with the services they receive including staff effectiveness and timeliness of services delivered are analyzed. Results provide the NOHFC with feedback from clients to assist in its continuous improvement efforts.

The results from the 2019-20 client survey are calculated on survey responses from all NOHFC client interactions where clients may be seeking information to apply for funding and/or have received approval for funding. For 2019-20, NOHFC's achieved client satisfaction rate of 82% refers to clients who agree (at 32%) or strongly agree (at 65%) with the statement "Overall, I am satisfied with the quality of services provided by the NOHFC".

Client Satisfaction		
Fiscal Year	Actual	Target
2018-19	86%	85%
2019-20	82%	85%
2020-21	N/A <sup>16</sup>	85%
2021-22	N/A	85%

## 5.3. Program Specific Non-Key Performance Measures

The following non-key performance measures have been developed for each of NOHFC's programs:

### Invest North Program

**Immediate Outcome of the program:** Northern Ontario businesses have access to capital and create/retain jobs in the North.

Measured by:

- I. Number of businesses supported.
- II. Investment dollars leveraged.
- III. Number of jobs created/retained.

<sup>16</sup> NOHFC's annual client satisfaction survey is conducted after the fiscal year is completed.

**Longer-term Outcomes of the program:** Northern Ontario businesses are growing, increasing productivity, and building capacity to innovate.

Measured by:

1. Increase in Northern Ontario business growth and productivity:
  - I. Number of business expansions/start-ups.
  - II. Percent of business survivorship rate.
  - III. Percent change in R&D investment.
2. Increase in Northern Ontario businesses' gross margins:
  - I. Percent change in gross margins.
  - II. Increase in number of sales for Northern Ontario businesses.
3. Enhanced Northern Ontario business productivity:
  - I. Number of new products/services offered in Northern Ontario companies.

## People and Talent Program

**Immediate Outcome of the program:** Northern Ontario employers and internship candidates participate in the NOHFC Internship program, helping fill skilled worker shortages.

Measured by:

- I. Number of approved intern applications.
- II. Number of approved Indigenous intern applications.

**Longer-term Outcomes of the program:** Northern Ontario job seekers, including those of Indigenous ancestry, are benefitting from greater access to skills training and work experience, leading to long-term employment.

Furthermore, Northern Ontario employers are developing and benefitting from a growing skilled workforce, including trades people and professionals.

Measured by:

1. Increase in number of job seekers, including those Indigenous ancestry, benefiting from great access to skills training and work experience, leading to long-term employment.
  - I. Percent change in the number of interns and apprenticeship interns hired.
  - II. Percent change in the number of indigenous interns and Indigenous apprenticeship interns hired.

2. Increase in the number of employers that develop and benefit from a growing skilled workforce.
  - I. Percent change in number of private-sector internships
  - II. Percent change in number of employers that hire full-time employees who participated in the Program.

## Community Enhancement and Cultural Supports Program

**Immediate Outcome of the program:** Northern Ontario communities have access to capital to improve and modernize infrastructure, host events, and showcase northern culture, geography, and talent.

Measured by:

Increase in access to capital for Northern Ontario communities to improve and modernize infrastructure, host events, and showcase northern culture, geography, and talent.

- I. Number of assets improved/enhanced.
- II. Number of events.
- III. Number of Film and television productions.

**Longer-term Outcomes of the program:** Northern Ontario community assets modernized/ improved/enhanced, events are well attended, and northern culture, geography, and talent are showcased in film and television productions.

Measured by:

1. Increase in Northern Ontario community modernization, expansion, and enhancement of assets.
  - I. Dollar value of improved/modernized/enhanced assets.
2. Event attendance at Northern Ontario events.
  - I. Number of event attendees.
3. Increase in film and television productions that showcase northern culture, geography, and/or talent.
  - I. Percent change in the number of film and television productions.

## 6. Key Initiatives in 2021-22: Meeting the Mandate Letter Expectations

Annually, the business plan is preceded by the agency mandate letter issued by the responsible minister to board-governed agencies only, outlining the agency's accomplishments against the goals set out in the business plan. The business plan follows the framework set out within the Agencies and Appointments Directive (AAD).

The NOHFC three-year business plan describes the agency's planned activities, incorporating direction from the mandate letter as outlined in [section 1.1](#).

## Competitiveness, Sustainability, and Expenditure Management

1. NOHFC's new programs will include a hybrid of continuous and continuous-intake round evaluations, to facilitate competitive evaluation of proposals. This will improve funding decisions and financial management and will enhance NOHFC's ability to operating within the agency's allocations from the Ministry.
2. The renewed programs will better support the investment in innovative ideas, enhanced supports to existing and emerging economic sectors to enable the northern economy to recover and grow from the impacts of the arrival of the COVID-19 pandemic.
3. Strengthen and identify new models for delivery of programing to adapt to the needs of northerners.

## Transparency and Accountability

1. NOHFC will continue to enhance administrative support to the Governance and Audit committees with enhanced reporting and resources.
2. NOHFC will deliver new Conflict of Interest and agency board training to increase awareness of NOHFC's process and accountability to the ministry and stakeholders.

## Risk Management

1. NOHFC will develop improved risk management practices, reporting and assessment on a continuous basis to support NOHFC management and ministry decisions to mitigate risks in a quick and responsive manner.
2. New training and improved practices to implement government enterprise risk management policies.

## Data Collection

1. NOHFC has implemented new user-friendly application forms and will continue to seek improvements to meet customer demands.
2. NOHFC staff will identify new data tracking through the new Systems Renewal Project to enhance digital tracking and better inform decision-making, reporting and info-sharing.

## Digital Delivery and Customer Service

1. Enhanced customer service with implementing the Information Technology Systems Renewal Project to enhance client access and service.

2. Renewed performance measures and tracking of NOHFC and service provider partners.
3. Strengthen partnerships and promote relationship to collaboratively deliver on government priorities; including ENDM's Regional Economic Development Branch's enhanced support to NOHFC clients.
4. NOHFC will enhance new risk management practices to continue to effectively respond to clients and stakeholders through emergency situations.

## 6.1 Marketing and Communications

NOHFC continues to execute a modernized communications and marketing strategy to create effective marketing, communication, and outreach tools that aim to increase awareness, understanding and recognition of NOHFC, its programs and processes.

Key Objectives:

- Enhance awareness of NOHFC programs and opportunities for support;
- Educate & engage clients to foster successful NOHFC applications and projects; and
- Strengthen partnerships and promote relationships to collaboratively deliver on government priorities.

Outcomes will include:

- Delivering excellent service to clients, partners and stakeholders;
- Increased use of all appropriate social media marketing and web resources;
- Updated website platform for on-line applications with streamlined program information and tools to assist applicants identify the most suitable programs for their needs;
- Further development of a learning centre for clients on the new website to aid in awareness of programs, processes, empowering client self-service and efficiency; and
- Through NOHFC's partners, ensure clients receive enhanced guidance and support throughout the entire project funding lifecycle.

## 6.2 Information Technology (IT)/Electronic Service Delivery (ESD) Plan

Several information management initiatives will be continued in 2021-22 aimed at supporting NOHFC's modernization and improving NOHFC's policies and procedures for the entire information management life cycle. Activities include:

- Enhanced records and information management for both electronic and hard copy files.

- Investigating IT tools to support the NOHFC Board activities.
- Further contribute to the government's Open Government objectives by making available NOHFC data to the public where appropriate to promote transparency and accessibility.

NOHFC IM & IT Strategy Development:

NOHFC is in the process of updating its information technology strategy. This will include:

- New system implementation to replace aging infrastructure.
- Enhanced SharePoint and record keeping resources.
- Enhanced self-serve reporting capabilities through the Business Intelligence platform via the government's Land Resources Cluster (LRC).

## **7. Resources Needed to Meet Objectives of Mandate and Strategic Direction**

The following table outlines the resources needed to continue to support the above noted objectives of the NOHFC.

## Projected Two Year Schedule of Administrative Expenses

	<b>2018/19 Fiscal Actual</b>	<b>2019/20 Fiscal Actual</b>	<b>2020/21 Fiscal Forecast</b>	<b>2021/22 Fiscal Budget</b>	<b>2022/23 Fiscal Budget</b>
Salaries and Wages	\$1,837,050	\$1,972,462	\$2,223,869	\$2,502,844	\$2,463,046
Employee Benefits	288,604	281,912	320,667	362,912	358,687
Transportation & Communication	107,799	62,464	100,000	225,000	250,000
Services	3,834,576	3,684,004	4,742,453	5,628,000	5,698,000
Information Technology System				900,000	900,000
Supplies & Equipment	22,995	11,135	35,000	50,000	50,000
Amortization	1,552	-	-	-	-
<b>Total Administration Costs</b>	<b>\$6,092,576</b>	<b>\$6,011,977</b>	<b>\$7,421,989</b>	<b>\$9,668,756</b>	<b>\$9,719,733</b>

The following points should be noted with respect to the preceding financial information regarding NOHFC resources:

- Salaries and benefits include 22 full time positions, 3 temporary positions and 2 interns. The temporary positions reduce as the new programs are implemented and the system replacement project is complete.
- The Services component includes costs associated with third party and internal (ENDM Regional Economic Development Branch (REDB)) due diligence, LRC Business Solutions Services for ICT needs and ENDM Legal Services Branch assisting with legal requirement.
- All NOHFC assets are fully amortized and no further capital purchases are part of the current plan.

## 8. Projected Two Year Financial Budget

The following table includes a forecast of NOHFC revenues and expenses projected from 2020/21 through 2022/23.

*(figures are reported in 000's of dollars)*

<i>For the fiscal year</i>	2018-19 Actual	2019-20 Actual	2020-21 Forecast	2021-22 Projected	2022-23 Projected
<b>Revenue</b>					
Province of Ontario Grant	\$100,000	\$75,000	\$82,500	\$100,000	\$100,000
Interest on cash and cash equivalents	5,775	5,375	2,000	500	500
Interest on loans receivable	2,245	1,764	688	1,478	1,476
Recoveries	1,775	1,545	-	-	-
<b>Total Revenue</b>	<b>\$109,795</b>	<b>\$83,684</b>	<b>\$85,188</b>	<b>\$101,978</b>	<b>\$101,976</b>
<b>Expenses</b>					
Grants	\$105,866	\$112,019	\$103,092	\$98,516	\$95,625
Credit losses	451	3,637	5,322	5,531	5,527
Administration – see schedule	6,093	6,012	7,422	9,669	9,720
<b>Total Expenses</b>	<b>\$112,410</b>	<b>\$121,668</b>	<b>\$115,836</b>	<b>\$113,716</b>	<b>\$110,872</b>
<b>Annual Deficit</b>	<b>(2,615)</b>	<b>(37,894)</b>	<b>(30,648)</b>	<b>(11,738)</b>	<b>(8,896)</b>
<b>Ministry Consolidation Impact</b>	<b>(12,410)</b>	<b>(46,668)</b>	<b>(33,336)</b>	<b>(13,716)</b>	<b>(10,872)</b>

Assumptions Used:

- Transfer payment allocation is held as a receivable by the Ministry until the cash resources are needed by the NOHFC to cash flow committed projects.
- Interest rates continue to be low, impacting the interest revenue on the cash balance and loan repayments.

## 9. Third-Party Engagement

Third parties are integral to NOHFC's operations and performance achievements.

NOHFC utilizes the services of two third-parties to support the delivery of its private sector programming by providing proposal evaluation, financial monitoring, evaluation of payment requests from clients, and collection and enforcement services for loans and conditional contributions.

NOHFC secures these third-party services through a competitive procurement process established by the province. The procurement process typically occurs every five to six years, with the next procurement planned for in late fall 2021 to early spring 2022 culminating in a contractual agreement detailing the services to be provided, remuneration and how the agreement will be monitored.

## 10. Strategic Partnership - Regional Economic Development Branch

Within the Northern Development Division of ENDM, the Regional Economic Development Branch (REDB) delivers, supports and promotes the NOHFC programs across Northern Ontario through its five area teams. REDB has 23 office locations in the north, with area team head offices located in Kenora, Thunder Bay, Timmins, Sault Ste. Marie and North Bay/Sudbury. Each area teams employs Northern Development Advisors that provide services to NOHFC clients including project development, application assistance, investigating additional or complementary sources of other funding, and maintaining an ongoing relationship with clients on NOHFC's behalf. Furthermore, for public sector clients, REDB conducts the evaluation of proposals, project monitoring, and the evaluation of payment requests from clients. The partnership between REDB and NOHFC is crucial to the success of NOHFC achieving its mandate.

NOHFC also relies on REDB for ongoing feedback from clients and stakeholders, as well as sector expertise and community relations enabling the NOHFC to remain on the leading edge meeting the needs of northerners.

## 11. NOHFC - Ontario Public Service Employees

The NOHFC maintains a Memorandum of Understanding (MOU) with ENDM. The MOU includes that ENDM will arrange for the provision of services and support from

ENDM to the NOHFC in consultation with the Board, Chair and the Executive Director to ensure fulfillment of the NOHFC's mandate and to support the day-to-day activities of the NOHFC.

The support and services include management and staff of ENDM who are assigned to the NOHFC agency. All management and staff assigned to the NOHFC remain Ontario Public Service (OPS) employees and the Executive Director has a dual reporting structure to the Chair and Board of Directors of NOHFC, as well as, to the Ministry of ENDM. As OPS employees, all management and staff are compensated through the OPS compensation framework and are subject to all OPS human resources directives and policies.

NOHFC has a full-time equivalent (FTE) complement of twenty-two employees. ENDM has provided additional temporary FTEs periodically to assist NOHFC achieve its strategic priorities, mandate and support major project initiatives outlined in this plan.

NOHFC's FTE complement consists of both unionized and non-unionized employees. For the unionized FTE's, the bargaining units comprise of the following:

Ontario Public Service Employees Union (OPSEU).

This is the largest bargaining unit in the Ontario Public Service, OPSEU represents a broad range of non-managerial job categories across the government. OPSEU is governed by the Crown Employees Collective Bargaining Act (CECBA) and the Labour Relations Act.

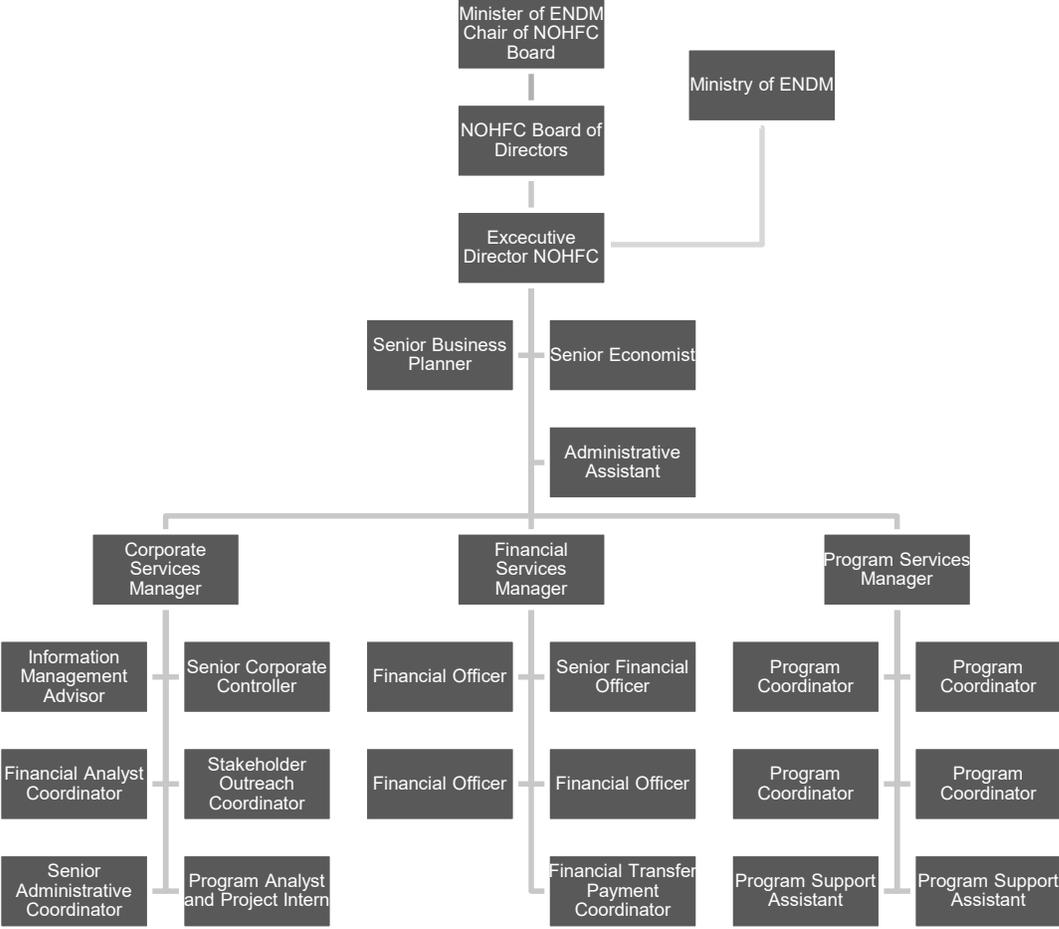
In the OPS, OPSEU is divided into two bargaining units – the Unified unit and the Correctional unit. Dispute Resolution for the Unified unit is by strike or lockout, with no disruption of essential services and Interest Arbitration for the Correctional unit.

Association of Management, Administration & Professional Crown Employees of Ontario (AMAPCEO)

AMAPCEO is the bargaining agent for professional and supervisory staff who do not exercise managerial functions or who do not deal with confidential labour relations matters.

AMAPCEO is governed by the Crown Employees Collective Bargaining Act and the Labour Relations Act. Dispute Resolution is by strike or lockout, with no disruption of essential services.

# 12. NOHFC's Organizational Structure<sup>17</sup>:



<sup>17</sup> As of December 31, 2020

## 13. Risk Management

NOHFC has an Enterprise Risk Management (ERM) program that supports the agency by identifying, assessing and managing risks related to the agency. The ERM is aligned with the Ontario Public Service's and ENDM's ERM program and practices which includes an assessment process, regular monitoring of key risks, and reporting of these findings to the Board and to ENDM. The NOHFC risk management framework provides a platform for managing risk through several key risk areas including:

- Strategic,
- Accountability/Governance,
- Operational,
- Information Technology & Infrastructure, and
- Workforce.

The NOHFC Executive Director has the ultimate accountability for risk management and is supported by Senior Management, NOHFC Board Committees including the Audit and Governance committees, and resources from ENDM including Legal Services and Business Planning.