

# **NOHFC Business Plan**

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## **2017/18 Through 2019/20**

December 2016

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## **1. NOHFC'S 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*. NOHFC has an appointed Board of Directors, chaired by the Minister of Northern Development and Mines. 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.

In August 2013, Cabinet approved a refocused mandate of the NOHFC to support the implementation of the *Growth Plan for Northern Ontario (2011)* and the government's key priorities of prosperity for people and strong communities.

Current program themes supporting the 2013 mandate are:

- Strategic economic development initiatives that support the growth and sustainability of communities, businesses and industry – Northern Business Opportunity Program.
- Innovation and productivity to support research and development, commercialization, innovation and productivity initiatives - Innovation Program.
- Community strategic economic infrastructure – Strategic Infrastructure Program.
- Economic development capacity enhancement - Northern Community Capacity Building Program.
- Attraction and retention of talent – Northern Ontario Internship Program.

## **2. STRATEGIC DIRECTION**

### **2.1 NOHFC Mandate Letter**

On September 29, 2016, the Minister of Northern Development & Mines provided a mandate letter to NOHFC outlining expectations for the 2017/18 fiscal year. The expectations are:

- Maintaining superior client service and programming, to continue to build on NOHFC's success in creating jobs and leveraging investment in northern Ontario.
- Continued modernization of NOHFC, including new marketing and communications initiatives.
- Continued support for the implementation of the *Growth Plan for Northern Ontario (2011)*.

### **2.2 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 Northern Development and Mines (MNDM). Reviewed annually by the NOHFC Board, the plan sets out the strategic framework of the NOHFC including its Vision, Mission, Guiding Principles and five Strategic Priorities.

## **Vision**

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**

**Alignment with Key Initiatives** – The *Growth Plan for Northern Ontario (2011)* (GPNO) provides a coordinated, long-term, and comprehensive approach to support Northern Ontario as a globally competitive region. NOHFC priorities will support the key elements of the GPNO.

**Recognition of Northern Ontario's Unique Circumstances** – The programs and initiatives of NOHFC will continue to be an important means of recognizing the unique requirements of Northern Ontario in support of a strong Ontario. The NOHFC will continue to build and enhance its current programs and services with this in mind.

**Adaptability** – The strategic planning process is an ongoing process that will provide the NOHFC with a management tool for adapting to change in the future.

**Reflective, Flexible, and Forward-Thinking** – It is the intent that the NOHFC Board of Directors will review the strategic plan, at minimum, on an annual basis.

**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.

## **Strategic Priorities**

**Innovation, Research and Development, and Commercialization** – Support applied research and development projects and initiatives that lead to innovative products and services with commercialization potential.

**Creativity, Productivity and Entrepreneurial Development** – Support an environment that promotes creativity, productivity and entrepreneurial development.

**Partnerships and Collaboration** – Maximize opportunities to leverage NOHFC funding through partnerships and collaboration to ensure the success of projects and sustainable economic outcomes.

**Organization Development and Renewal** – Engage in continuous improvement and human resource development to improve the efficiency, effectiveness, access and delivery of NOHFC programs as well as improve performance measurement.

**Awareness, Education and Recognition** – Develop effective marketing, communication, and outreach tools that increase awareness, understanding and recognition of NOHFC, its programs and processes.

### **3. ENVIRONMENTAL SCAN**

#### **3.1 Northern Ontario Overview**

Despite growth and development in a number of diversified sectors in Northern Ontario, the region's economy continues to rely on the primary resource extraction sectors that are tied to global commodity prices and market demand, resulting in boom and bust cycles.

The North continues to grapple with challenges such as declining population and youth out-migration, which have in turn affected labour force growth and supply needed to drive economic growth.

Over the past number of years there has been a modest increase in the North's GDP. The outlook for the near term will continue to be influenced by demographic trends and resource sector development. With the exception of Timmins, marginal economic growth is forecast for the economies of the major cities.

#### **Demographics**

While Northern Ontario represents 90 per cent of the provincial land mass, with a population of approximately 800,000, it only comprises 5.8 per cent of the provincial population. This results in a population density of approximately 1 person per km<sup>2</sup> in Northern Ontario, versus 123 people per km<sup>2</sup> in southern Ontario. Just over half of the population (56 per cent) is concentrated in the North's five largest centers (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 located in Northern Ontario.

Due to their size and dispersion, many small, rural, remote, and isolated communities in Northern Ontario do not have the population size, or administrative and financial capacity to provide a full range of services while large and other strategically-situated communities play a critical role as regional service and economic centers.

The Ontario Ministry of Finance indicates that the population of Northern Ontario will be relatively stable over the next 25 years, with a slight decrease of 2.2 per cent from

2015 to 2041. During the same period, both northeastern and northwestern Ontario are projected to see a population decline of 3.7 per cent and 1.3 per cent, respectively.

Northern Ontario's working age population (25-54) is in decline; this, along with continued youth out-migration, could have impacts on the ability to address future labour needs. The young and growing Indigenous population is poised to play an increasingly important role in meeting the region's future labour needs; however, the Indigenous population faces significant socio-economic obstacles to full economic participation, such as lower educational attainment.

## **Economic Performance**

Northern Ontario's economic output, at 5.7 per cent of Ontario's GDP, is in line with its relative population (5.8 per cent of the province). Despite efforts to diversify various sectors, and the fact that Northern Ontario is more reliant on public sector employment, including public administration, education, and health care sectors (31.1 per cent of the North's total employment in 2015, 24.1 per cent provincially), many communities remain reliant on primary industries such as mining and forestry, which accounted for 7.0 per cent of the North's total employment in 2015, as compared to only 0.6 per cent for Ontario.

In 2015, Northern Ontario's total labour force was 372,500, with total employment of 345,500. Between 2014 and 2015, there was a significant decrease in employment in the North with an employment decline of 11,100 workers (decline of 8,700 in the northeast and 2,400 in the northwest).

### **3.2 Key Economic Sectors & Activities**

#### **Mining**

Northern Ontario is home to 30 of the 31 metal mines in Ontario, two major industrial mining operations, and a diamond mine. In 2015, \$10.8 billion worth of minerals were produced (approximately 69 per cent metallic and 31 per cent non-metallic minerals). A total of \$393 million was spent in 2015 on mineral exploration and deposit appraisal and spending intentions for 2016 show a decrease of 11 per cent from 2015 levels to \$351 million. Ontario mining generates more than \$1 billion in labour income annually, it directly employs approximately 26,000 people, and the majority of the benefits from Ontario's direct mining employment occur in Northern Ontario.

Ontario remained the leading jurisdiction in Canada for exploration and mineral production in 2015, most of which occurs in Northern Ontario. Lower metal prices and difficult financing conditions led to a drop in exploration spending in 2015 but activity remains above historical levels. Higher levels of exploration spending in recent years created a pipeline of projects that includes approximately 30 advanced mineral exploration projects.

A recent study estimated the mining supply and services subsector contributed over \$6.2 billion to Ontario's GDP and was a source of over 68,000 jobs across Ontario in

2011. While the mining supply and services subsector provides benefits to Ontario more broadly, there is a concentration of companies in Northern Ontario where the bulk of mining activities in the province occur, including over 300 companies and approximately 23,000 employees.

### **Ring of Fire**

The Ring of Fire (ROF) contains an estimated \$60 billion worth of chromite and nickel, and additional deposits of copper, gold, vanadium, and platinum group metals. The 150 km<sup>2</sup> section of James Bay Lowland has the potential for long-term mining development on the scale of the Sudbury Basin. In 2014, the Ontario Chamber of Commerce estimated that development within the region could generate up to \$9.4 billion of gross domestic product in the first 10 years, \$2 billion in government revenue, more than \$25 billion across numerous sectors in Ontario by 2047 (this includes \$2.7 billion in revenues for the financial services sector and \$1.2 billion for the wholesale and retail trade sectors), and create up to 5,500 jobs annually.

### **Forestry**

The forestry sector in Ontario is now in a period of relative stability. Northern Ontario accounts for all of the province's annual market pulp production (approx. 1.2 million tonnes) and approximately 65 per cent of Ontario's newsprint production (370,000 tonnes). There are currently five operating pulp and paper mills in Northern Ontario. The province's 25 largest sawmills produce 80 per cent of the province's lumber, of which 21 are located in the North. Employment in this sector has continued to decline since its peak of 110,400 people in 2004 to 52,800 people in 2015.

While several mills were closed in the past few years, industry has also worked to restart and restore mill capacity in the province. The Oriented Strand Board (OSB) mills in Ontario are the most cost-competitive in North America and, along with newsprint mills in Ontario, are first quartile performers. Ontario's kraft pulp mills and softwood lumber mills are second quartile performers, with the kraft pulp mills being in the top half in competitiveness of North American pulp producers.

Newsprint and pulp prices have increased since the beginning of 2016. While newsprint consumption in North America is in decline, supply is being managed through closures of higher cost newsprint mills. Pulp markets may be impacted late this year when additional South American capacity comes on line. Ontario's competitive position, combined with the weaker dollar, should provide a margin of safety against closures.

Additional innovation and diversification of value-added opportunities within economic sectors, and building on existing 'clusters' and the expertise related to those primary industries could help the northern economy withstand the impacts of boom/bust cycles in primary resource sectors.

The expiry of the stand-till period in the Canada/US Softwood Lumber Agreement on October 12, 2016 raises much uncertainty in the lumber marketplace. The U.S. Lumber Coalition filed a petition with the U.S. Department of Commerce to investigate softwood lumber imports from Canada with the goal of implementing

punitive duties. As a result of the petition Canadian lumber exporters could face punitive duties as early as the end of the first quarter of 2017 if a negotiated agreement cannot be reached by that time.

## **Agriculture**

The 2011 census indicated that the primary agriculture sector in Northern Ontario is a \$192 million industry with close to 2,600 farms, which is approximately five per cent of the provincial total. These farms utilized 700,000 acres of farmland to grow crops, and raise livestock. The two largest sub-sectors, dairy and beef, had 35 per cent of the farms and more than 50 percent of the total cash receipts in Northern Ontario. It is also estimated that 6,200 people are employed in the northern agriculture and food processing industry. The dairy and beef industries account for more than 50 per cent of the total cash receipts and 35 per cent of the farms in the North.

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

Other significant production in Northern Ontario includes hay, canola, soybeans, barley, oats, maple syrup, potatoes and horticulture crops. The 2011 household census indicated that almost 33,000 people in Northern Ontario were employed in the agri-food sector (in production, processing, service and retail). 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.

## **Bio-Economy**

Ontario's bioproduct markets range from biofuels and biochemicals to biobased automotive applications. Ontario is currently home to more than 100 bioproduct companies and recent commitments on the part of provincial and federal governments to combat climate change are expected to spur further activity in this sector.

As this sector continues to emerge, Ontario is well situated to participate given the rich and sustainable agricultural and forestry feedstock supply. In addition, several world-renowned Ontario universities, including Lakehead University, are supporting industrial biotechnology research, and commercialization partners such as the Centre for Research and Innovation in the Bio-economy (CRIBE) in Thunder Bay are looking to advance new novel uses of forest biomass.

Current developments in Northern Ontario in this sector include the recent announcement of a biorefinery pilot plant in Thunder Bay at Resolute Forest Products that will target green chemicals from wood. In addition, there are several NOHFC supported wood pellet production facilities throughout the North. Another area of the bio-economy that is of particular relevance to northern and rural Ontario is bioenergy, specifically opportunities to heat homes and businesses with modern wood heating systems.

## **Tourism**

In 2013, approximately eight million visitors to Northern Ontario accounted for close to \$1.5 billion in visitor expenditures for the tourism industry. Eighty per cent of tourists are from within Ontario and 11 per cent are from the United States. Canadian visitors from outside Ontario accounted for 8.4 per cent while international visitors accounted for 0.4 per cent of the visits to Northern Ontario. Over 1.27 million of the visits to Northern Ontario were for fishing and hunting, with fishing being the most popular activity overall. During 2013, close to 386,400 people visited National/Provincial Parks in the region, while 248,000 visited historical sites. There were 9,296 tourism-related businesses in 2013, 39 per cent were retail-related.

### **3.3 Government Priorities**

The Ontario government has identified growing the economy and creating jobs as the government's number-one priority. Its strategy to strengthen the economy is a four-point plan that includes the following higher level priorities:

1. building prosperity and creating jobs;
2. building tomorrow's infrastructure now;
3. investing in people's talent and skills; and
4. strengthening retirement security.

These high-level priorities aim to create outcomes that support jobs in communities across Ontario through the investment in infrastructure and in a low-carbon economy that is driven by innovative, high-growth, export-oriented businesses. The plan invests in people's talent and skills and their ability to get and create the jobs of the future by expanding access to high-quality college and university education. The plan also helps all Ontarians achieve a more secure retirement.

To help achieve these high-level priorities, the government has outlined and developed a number of initiatives that are underway, and which may present opportunities for the NOHFC to complement or leverage in Northern Ontario.

#### **Building Prosperity and Creating Jobs**

Ontario aims to foster a more innovative and dynamic business environment to establish the conditions for a growing economy, well-paying jobs, a higher standard of living and sustainable public services.

#### **Business Growth Initiative**

Rapid changes in technology and globalization are reshaping Ontario's economy. To prosper and grow, Ontario's businesses need to harness innovation more rapidly, compete in global markets, adopt the latest technologies, and employ and retain high-skilled talent. Ontario must accomplish two goals simultaneously - improve the competitiveness of its existing economy and encourage a shift to a more knowledge-based economy driven in part by service exports.

The Business Growth Initiative is the government's new economic strategy to fast-track Ontario's knowledge-based economy by tapping into the creativity, education, and skills of Ontarians. The strategy will commit \$400 million over the next five years and leverage Ontario's highly skilled workforce to compete through innovation.

The Business Growth Initiative will focus on:

1. Growing business: helping small- and medium-sized businesses grow and expand to compete in international markets
2. *Creating an innovation-driven economy*: accelerating Ontario's transition to the 21<sup>st</sup> century by creating an innovation-driven economy that thrives on the initiative, creativity, education and skills of its people
3. *Modernizing Ontario's regulatory system*: removing regulatory barriers to growth and establishing new, modern regulatory practices

To encourage innovation and knowledge driven growth, the government will partner with industry, focusing on key strategic opportunities, such as accelerating the development, testing, adoption and commercialization of disruptive technologies.

The government will also consider other actions, such as creating innovation zones where robust, real-world prototyping, and testing of disruptive technologies can take place. This would give Ontario firms access to state-of-the-art science and technology, and help them become early adopters and market leaders, as early advantage often translates into global competitiveness.

These actions include:

- Working to catapult "brain-belt ecosystems" in key sectors where Ontario has a competitive advantage, including the biochemical sector, auto industry, clean technology and mining;
- Brain-belt ecosystems are open-platform technology hubs that help tackle complex, multifaceted technological and other challenges, and connect firms to a range of supporting organizations and enablers.
- Accelerating the innovation economy by working with postsecondary institutions to strengthen opportunities for collaboration with firms of all sizes, including expanding the number of co-op programs and providing fellowships to top graduates to be placed in scale-up firms; and
- Establishing a strategic investments office to serve as the government's one-window point of entry, providing improved investment attraction services, including new licensing and permitting coordination, enhanced program coordination services and expanded site-selection services.

### **Mining Research and Innovation Cluster Initiative**

The *Partnerships for Jobs and Growth Act* provides a mandate for the provincial government to collaborate with industry on the development of cluster plans that enhance the global competitiveness of Ontario's clusters. MNDM has been working with the Ministry of Economic Development and Growth (MEDG) as part of the provincial cluster initiative to ensure that the mining cluster continues to be recognized as one of Ontario's priority clusters.

## **Jobs and Prosperity Fund**

Ontario businesses, business associations and entrepreneurs have access to funding for projects to enhance productivity, increase innovation, and improve competitiveness in the global marketplace through the Jobs and Prosperity Fund (JPF). JPF was announced as part of the 2014 Ontario Budget as a 10-year, \$2.5 billion fund. The 2015 Ontario Budget brought about changes to JPF; the Fund was increased by \$200 million, and eligibility was extended to the forest industry with the creation of the Forestry Growth Fund. JPF includes four streams:

1. New Economy Stream
2. Food and Beverage Growth Stream
3. Forestry Growth Fund
4. Strategic Partnership Fund

## **Climate Change Initiative**

The government is committed to taking action on climate change and the Climate Change Action Plan is its five-year plan to help Ontario households and businesses reduce greenhouse gas (GHG) emissions by adopting low and no-carbon energy options within their homes, vehicles, and workplaces. It also seeks to put the province on the path to meet its ambitious 2020 and 2030 GHG reduction targets and transition to a low-carbon economy by laying the foundation for long-term emission reductions in the province, thereby complementing the cap and trade program. The *Climate Change Mitigation and Low Carbon Economy Act* ensures that the province is accountable for responsibly and transparently investing proceeds from the cap and trade program into actions that reduce GHG emissions, create jobs, and help people and businesses shift to a low-carbon economy.

## **Building Tomorrow's Infrastructure Now**

Infrastructure is a key component of the economy. Investing in infrastructure helps to stimulate economic growth and create jobs. These investments also build the infrastructure needed for the future to move people and goods quickly and efficiently, attract private investment, expand opportunities, and help people and communities.

## **Highly Skilled Workforce**

The Premier's Highly Skilled Workforce Expert Panel released its report, *Building the Workforce of Tomorrow: A Shared Responsibility*, in June 2016. The report makes recommendations on how the province can build on its world-class skills, education, and training systems to prepare Ontario's current and future workforce for the technology- and knowledge-based jobs of today and tomorrow.

In total, the report provides over 20 recommendations in six key areas:

- Building stronger partnerships between educators and employers;
- Increasing access to job market information;
- Expanding opportunities for learning by experience;

- Promoting both traditional and non-traditional career paths;
- Investing in human capital; and
- Closing gaps in skills and competencies

It is worthwhile noting that the recommendations point to opportunities and synergies amongst government ministries and programs. One of the more directional recommendations was that, as a condition of funding through the JPF, recipients be required to “provide a certain number of experiential learning opportunities for post-secondary students, new immigrants, and adults transitioning within the workforce,” and that the “number of the experiential learning opportunities should be based on organization size.”

### **Ontario’s Action Plan for Reconciliation**

On May 30, 2016, the province responded to the findings and Calls to Action of the Truth and Reconciliation Commission (TRC) through the release of *The Journey Together: Ontario’s Commitment to Reconciliation with Indigenous Peoples* (Action Plan).

The Action Plan is organized into five themes:

1. Addressing the legacy of residential schools;
2. Closing gaps and removing barriers;
3. Creating a culturally relevant and responsive justice system;
4. Indigenous cultural revitalization; and
5. Reconciling relationships with Indigenous peoples.

The Action Plan is a province wide commitment to ongoing action, with the TRC being a framework to guide future policy and program development across government. The Action Plan initiative to “Enhance Supports for Indigenous Participation in Decision Making” aims to support Indigenous partners’ participation in policy development and program planning.

### **MNDM Mandate, Priorities, Initiatives**

MNDM envisions a Northern Ontario economy and provincial minerals sector that is strong, competitive and sustainable. The Ministry priorities are to invest in northern infrastructure, strengthen the northern economy, and mineral sector competitiveness. The Northern Development Division of MNDM delivers on the ministry’s priorities through a variety of activities, including the implementation of the GPNO, and supporting the northern economy through the NOHFC.

MNDM’s current mandate letter, released September 23, 2016, outlines a number of commitments for the ministry, including working closely with partner ministries to advance initiatives that cut across several ministries, such as the Climate Change Action Plan, Business Growth Initiative, and the Highly Skilled Workforce Strategy. Two major commitments for the ministry are the GPNO and the Mineral Development Strategy.

## **Growth Plan for Northern Ontario**

The GPNO is the strategic framework that guides a large portion of MNDM's work. Its purpose is to strategically align provincial policies and investments to support sustainable economic and population growth. It was developed in partnership with northerners through extensive consultation and engagement with Aboriginal communities, municipalities, stakeholders, and the public. MNDM divisional priorities and initiatives either directly support, or are informed by policies contained in six chapters that focus on the economy, infrastructure, aboriginal peoples, the environment, communities, and people.

### **4. OVERVIEW OF NOHFC'S CURRENT PROGRAMS/ACTIVITIES**

As outlined in the NOHFC's strategic plan, the Corporation's mission is to partner with communities, businesses and entrepreneurs across Northern Ontario to create jobs and strengthen the economy. In the fall of 2013, the NOHFC introduced five new programs aligned with the GPNO and consistent with the Corporation's mission.

#### **4.1 2016 Program Evaluation**

In October of 2016 MNDM completed an evaluation of NOHFC's funding programs. The evaluation assessed the effectiveness of current NOHFC programming. Overall, the evaluation concluded NOHFC funding programs remain relevant and no substantive modifications were necessary.

Key findings from the evaluation include:

- The NOHFC continues to drive economic development activities in Northern Ontario. NOHFC programs are well-aligned with government priorities (GPNO) and are well positioned to leverage future opportunities for Northern Ontario as new funding programs are launched from government initiatives (e.g. climate change, innovation).
- Based on feedback received, existing programming is, in general, meeting the needs of clients, while also meeting targets identified in key performance indicators (e.g. jobs created, funds leveraged).
- While some opportunities exist to improve areas of service (e.g. timeliness of service, burden of application process for small scale projects), client satisfaction remains very high.
- While there are currently a number of activities related to improving communication between NOHFC and service delivery partners, stakeholder feedback continues to indicate some disruption in the message being clearly communicated and understood.
- While key performance reporting continues (e.g. funds leveraged, jobs created), there are opportunities to increase performance evaluations in some areas, such as

program specific metrics and external service standards, to help understand program performance.

NOHFC is seeking approval to extend the existing application deadline beyond March 31, 2017 to March 31, 2019. A board approved action plan responding to the program evaluation will be implemented and the necessary approvals will be obtained prior to the implementation of amendments to programs, if any are required.

## **4.2 NOHFC Programs**

### **Strategic Economic Infrastructure Program**

Efficient and modern infrastructure is a cornerstone of building a strong northern economy. The assistance levered by this program can make the difference for a region or community to advance economic development opportunities and support investment through strategic economic infrastructure.

### **Northern Community Capacity Building Program**

The Community Capacity-Building Program (CCBP) is intended to advance policies identified in the GPNO. The objective of the CCBP is to assist northern communities in developing the capacity to promote, attract, and support economic growth in the existing and emerging priority economic sectors identified in the GPNO.

Capacity-building will allow northern communities to respond to their economic opportunities and challenges according to their individual priorities, and to pursue regional collaboration to advance common goals in order to strengthen Northern Ontario's competitive advantages.

### **Northern Innovation Program**

The Northern Innovation Program supports the vision of the GPNO by supporting the development and commercialization of new technologies that will contribute to future prosperity in Northern Ontario and by fostering collaboration and partnering among the private sector, academic institutions and research institutes to undertake such projects in Northern Ontario.

### **Northern Business Opportunity Program**

The Northern Business Opportunity Program supports the GPNO vision for Northern Ontario in which companies scan the world for opportunities to create or retain jobs, attract investment and serve global markets.

The objectives of this program are:

- Create jobs in Northern Ontario
- Encourage the North's private sector to invest in their businesses
- Attract new investment opportunities to Northern Ontario
- Increase the number of businesses exporting their product or service to markets

- outside of Northern Ontario
- Grow the film and television industry in Northern Ontario

### **Northern Ontario Internship Program**

The intent of this program is to strengthen Northern Ontario's competitive advantage and build economic development capacity by attracting and retaining graduates in the North. The program will provide internship opportunities for recent graduates interested in launching and building their careers in Northern Ontario.

### 4.3 Program Budgets

Based on historical trends and strategic priorities, the following annual notional commitment level per program will be set as follows:

Theme	Program	Estimated Notional Program Budget
Implement strategic economic development initiatives that support the growth and sustainability of communities, businesses and industry in Northern Ontario	Northern Business Opportunity Program	\$55M
Stimulate innovation and productivity to support R&D, commercialization, innovation and productivity initiatives	Innovation Program	\$10M
Support community infrastructure	Strategic Infrastructure Program	\$35M
Enhance economic development capacity in Northern Ontario	Northern Community Capacity-Building Program	\$5M
Attract and retain talent to Northern Ontario	Northern Ontario Internship Program	\$15M
	Total	\$120M

The notional commitment level by program will be continuously reviewed and set by the NOHFC Board of Directors.

## 5. PERFORMANCE MEASURES – PROGRAMS

### 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

<u>Fiscal Year</u>	<u>Created &amp; Sustained Jobs</u>	<u>Target</u>
2011-12	3,059	3,500
2012-13	3,455	3,500
2013-14	3,771	3,500
2014-15	2,930	3,500
2015-16	3,423	3,500
2016-17*	1,751	3,500
2017-18		3,500
2018-19		3,500
2019-20		3,500

\*Note that the results for 2016-17 are current as of October 19, 2016 and do not include indirect construction jobs associated with public sector infrastructure projects which are calculated and reported at fiscal year-end.

NOHFC helped create or retain 3,423 jobs in 2015-16 and as of October 19, 2016, 1,751 jobs in 2016-17. NOHFC funding is expected to create or retain 3,500 full time jobs through the current planning term to 2019-20.

NOHFC job creation targets have increased from 750 per year in 2005 to 3,500 jobs per year to align with historical performance and increases to its annual budget. NOHFC job creation performance is reliant upon applicants bringing forward project proposals that create jobs. NOHFC is reliant upon these applicants bringing forward an adequate number of eligible projects with sufficient new job creation to meet its target.

NOHFC has worked with the Ministry of Finance to develop a methodology for counting jobs created through NOHFC infrastructure investments with the use of Statistics Canada input-output multipliers.

#### 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
<b>2011-12</b>	3.15	3
<b>2012-13</b>	5.05	3
<b>2013-14</b>	3.46	3
<b>2014-15</b>	2.90	3
<b>2015-16</b>	3.40	3
<b>2016-17*</b>	3.35	3
<b>2017-18</b>		3
<b>2018-19</b>		3
<b>2019-20</b>		3

\*Note that the results for 2016-17 are current as of October 19, 2016.

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

## 5.2 Non-Key Performance Measures

### Client Satisfaction

Client satisfaction with the NOHFC, its service delivery partners and its programs will be assessed on an annual basis and will measure the satisfaction of clients with the services they receive including staff effectiveness and timeliness of services delivered. Results will provide the NOHFC with feedback from clients to assist in its continuous improvement efforts.

The results for 2015-16 are based on survey responses from NOHFC clients that either submitted an application for funding or signed a legal agreement during the 2015-16 fiscal year. For 2015-16, NOHFC's client satisfaction rate of 91% refers to clients who agree (26%) or strongly agree (65%) with the statement "overall, I am satisfied with the quality of services provided by the NOHFC".

### Client Satisfaction

Fiscal Year	Actual	Target
2012-13	85%	90%
2013-14	88%	90%
2014-15	88%	90%
2015-16	94%	90%
2016-17	91%	85%
2017-18		85%
2018-19		85%

### **5.3 Program Specific Non-Key Performance Measures**

The following non-key performance measures have been developed for each program as follows:

#### **Strategic Economic Infrastructure Program**

Objective:

To advance economic opportunities, support investment, and create jobs through strategic infrastructure.

Performance Measures:

1. Number of approved regional partnership projects
2. Number of regional partnerships that include an indigenous partner

#### **Northern Community Capacity Building Program**

Objective - Community Capacity Building Initiatives:

To promote the advancement and competitiveness of priority sectors by supporting northern communities during economic opportunities and challenges related to their capacity to promote, attract, and support economic growth.

Objective - Event Partnership:

To support events that promote economic development in Northern Ontario, including job creation and retention, investment attraction, tourism, and/or research and development / innovation conducive to productivity improvement in an eligible sector.

Performance Measures:

1. Number of regional partnership projects
2. Number of regional partnerships that include an indigenous partner
3. Number of major, new tourism events supported by the program
4. Number of attendees at supported events

#### **Northern Business Opportunity Program**

The Northern Business Opportunity Program supports companies in Northern Ontario to scan the world for opportunities to create or retain jobs, attract investment and serve global markets.

Objective - Business Expansion Projects:

To assist existing businesses in Ontario that intend to expand and or retain their operations within Northern Ontario to improve competitiveness, increase productivity, export, grow revenues and create jobs.

Objective - Small Business Start Ups:

To assist new businesses in Northern Ontario that intends to commence operations in the sectors identified in the GPNO.

**Objective - New Investment Projects:**

To assist competitive businesses that currently do not have a presence in Ontario expand operations to Northern Ontario and create jobs.

**Objective - Film and Television Projects:**

To increase film and television industry jobs and investment in Northern Ontario; increase the number of high quality, original film and television productions produced in Northern Ontario; and to effect the establishment of infrastructure to grow and support the industry.

**Performance Measures:**

1. Number of companies exporting their products and services outside of Ontario (#)
2. Revenue growth (% increase in sales)
3. Number of businesses that expanded their operations into Northern Ontario (#)
4. Total spending in Northern Ontario resulting from film/TV project activity (\$)
5. Number of Northern Ontario residents employed by NOHFC funded film/TV projects (#)

**Northern Innovation Program**

The Northern Innovation Program supports the development and commercialization of new technologies that will contribute to future prosperity in Northern Ontario and by fostering collaboration and partnering with the private sector, academic institutions and research institutions.

**Objective - Opportunity Assessment Projects:**

To assist Northern Ontario businesses with identifying opportunities for new technology development projects.

**Objective - Industrial Research Chairs:**

To establish research capacity at Northern Ontario universities, colleges and research institutes that will lead to greater research opportunities.

**Objective - Applied Research & Technology Development Projects:**

To assist Northern Ontario businesses to undertake applied research or pre-commercialization activities required to further develop their new technologies and move them to market.

**Objective - Pilot Demonstration & Commercialization Projects:**

To assist Northern Ontario businesses with reducing the technical and financial risks associated with scaling up and demonstrating their new and innovative technologies and to support them as they ramp up for commercial production.

**Performance Measures:**

1. Number of assessment projects that transition into development projects (#)
2. Number of patent applications (#) made under an NOHFC funded project

## **Northern Ontario Internship Program**

### Objective:

Strengthen Northern Ontario's competitive advantage, talent, and build economic development capacity by attracting and retaining graduates in the North.

### Performance Measures:

1. Number of interns hired by employer after completion of the internship
2. Number of interns hired by other Northern Ontario companies after completion of the internship

## **6. KEY INITIATIVES FOR NOHFC IN 2017-18: MEETING THE MANDATE LETTER EXPECTATIONS**

### **6.1 Marketing and Communications Strategy Implementation**

NOHFC will implement a modernized communications and marketing strategy in 2017-18. The strategy will create effective marketing, communication, and outreach tools that increase awareness, understanding and recognition of NOHFC, its programs and processes.

#### Key Objectives:

- Enhance Public Awareness of NOHFC Programs and Opportunities
- Educate & Engage Clients and Applicants in Successful NOHFC Applications and Projects
- Strengthen Partnerships and Promote Relationships to Collaboratively Deliver on Government Priorities

#### Outcomes will include:

- A Branding for NOHFC; a modern, exciting, consistent look and feel to all NOHFC products, materials and promotions;
- A Marketing Plan to guide NOHFC in engaging clients, partners and stakeholders and in delivering excellence in customer service. The plan outlines target audiences, details approaches to advertising venues, use of signage, event sponsorships, role of social media and web resources;
- Procurement Strategy to supply media services;
- Training and implementation plan

### **6.2 Information Management and Information Technology**

Several information management initiatives are planned for 2017-18 aimed at supporting NOHFC modernization and improving policies and procedures throughout the information management life cycle. Activities include:

- Records and information management – record and file clean-up, reconciliation of file shares and SharePoint repositories, standardization of file management and continued progress in archiving and storage.
- Open government – contribute to government objectives in open government, publication of open data inventories, promotion of transparency in information sharing, exchange and accessibility.

IM & IT Strategy Development – NOHFC will participate in the development of the MNDM 2017-21 IM&IT Strategy and look to align this strategy with internal IM&IT strategies and processes.

- Supporting modernization of marketing and communications – IM Support to implementation of the NOHFC Marketing and Communications Strategy, particularly the modernization of the NOHFC web presence. This will also include efforts to enhance the collection and use of analytics to support reporting and performance measure assessment.
- Information technology initiatives for 17-18 that support business process improvement and modernization include:
- Development of an online NOHFC application system – proposed at source entry of application to NOHFC programs. Ultimately this system will link to other NOHFC systems such as FUNDS and FMS.
- General Ledger System – upgrade scheduled.
- FUNDS and FMS – No significant upgrades or enhanced functionality improvements are scheduled for the two key NOHFC system tools, FUNDS and FMS. Normal maintenance and support will be provided as required through Land and Resources Cluster.

### **6.3 Implement Response to the Program Review Recommendations**

In October of 2016 MNDM completed an evaluation of NOHFC’s funding programs. The evaluation assessed the effectiveness of current NOHFC programming and included 32 recommendations for NOHFC’s consideration.

NOHFC is seeking approval to extend the existing application deadline beyond March 31, 2017 to March 31, 2019. Also, NOHFC will implement a board approved action plan to address the program evaluation recommendations. Given the process and marketing and communications focus of many of the recommendations it is expected NOHFC will be able to improve the effectiveness of its funding programs primarily through internal measures. However, there may be a need to seek government approval for some program updates.

### **6.4 Sector Strategies**

NOHFC regularly develops strategies to target specific economic sectors and/or activities within a sector through its Treasury Board approved programming. These strategies allow NOHFC to focus investments in a targeted manner to ensure enhanced outcomes for the growth and diversification of the northern economy.

NOHFC currently has a strategic focus on the ICT, agriculture and film and television sectors. In 2017-18 NOHFC will review its current sector strategies to determine the effectiveness of these strategies and make adjustments as necessary. NOHFC will also investigate opportunities in other sectors identified in the GPNO.

## **6.5 Performance Measures**

NOHFC has key, non-key and non-key program specific performance measures as outlined in section 5 of this business plan. In 2017-18 NOHFC will take actions to remedy two items with respect to tracking performance measures:

- Program specific non-key performance measures: NOHFC has developed the IT system capacity to track non-key program specific performance measures and will populate the data where it has been submitted, enhancing processes. This data will provide additional information to assess the effectiveness of funding programs in the future.
- Jobs created and retained: NOHFC reports its job creation and retention data based upon data provided by applicants in their detailed project proposals. NOHFC undertakes due diligence on the project proposals including their job creation and retention forecasts. In 2017-18 NOHFC will develop and implement a process to verify job creation and retention estimates once a project is complete through to the end of the contract between the recipient and NOHFC.

## 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.

### Northern Ontario Heritage Fund Corporation Schedule of Projected Administration Expenses

	2014/15 Fiscal	2015/16 Fiscal	2016/17 Fiscal	2017/18 Fiscal	2018/19 Fiscal	2019/20 Fiscal
	Actual	Actual	FCST	Budget	Budget	Budget
Salaries and Wages	1,468,339	1,462,840	1,682,092	2,023,699	2,033,599	2,058,706
Employee Benefits	216,896	211,317	257,353	295,611	297,047	300,687
Transportation & Communication	237,036	253,508	339,000	346,000	352,000	358,000
Services	4,681,418	4,230,810	6,552,205	7,792,164	7,153,606	7,192,964
Supplies & Equipment	34,090	42,557	67,000	60,000	60,000	60,000
Amortization	3,721	3,721	3,721	3,721	1,552	-
<b>Sub- Total</b>	6,641,499	6,204,752	8,901,371	10,521,194	9,897,803	9,970,358
Financial Information System	12,550	364,959	-	-	-	-
MTO Transportation Study	-	481,254	641,129	739,845	-	-
<b>Net Corporation Administration Costs</b>	6,654,049	7,050,965	9,542,500	11,261,039	9,897,803	9,970,358

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

- Net Corporation Administration Costs reflect the MTO Transportation Study. The MTO Transportation Study is forecasted to be complete by the end of Fiscal 2017-18.
- Salaries and benefits include 21 full time positions, 2 interns and an additional resource request for marketing.
- The Services component includes costs associated with third party and internal (MNDM Regional Economic Development Branch (REDB)) due diligence, LRC Business Solutions Services for ICT needs, MNDM Legal Services Branch assisting with legal requirements and MNDM Communications Services Branch addressing communication matters.

## 8. FINANCIAL BUDGET OVER THREE YEAR LIFE OF BUSINESS PLAN

The following table includes a forecast of NOHFC revenues and expenses projected from 2016/17 thru 2019/20.

	2014/15 (000's) (actual)	2015/16 (000's) (actual)	2016/17 (000's) (FCST)	2017/18 (000's)	2018/19 (000's) (Projected)	2019/20 (000's)
<b>Revenue</b>						
Province of Ontario Grant	100,000	100,000	100,000	100,000	100,000	100,000
Interest on cash and cash equivalents	2,770	2,163	1,851	1,946	1,848	1,744
Interest on loans receivable	1,727	2,233	1,470	1,588	1,802	1,991
Other	676	1,152	-	-	-	-
<b>Total Revenue</b>	105,173	105,548	103,321	103,534	103,650	103,735
<b>Expenses</b>						
Grants	77,250	74,705	81,081	91,460	97,733	99,727
Credit losses	25,904	5,976	8,000	6,775	7,690	8,495
Administration - see schedule	6,654	7,051	9,542	11,261	9,898	9,970
<b>Total expenses</b>	109,808	87,732	98,623	109,496	115,321	118,193
<b>Excess Revenue over Expenses (Expenses over Revenues) <u>Income Statement Format</u></b>	(4,635)	17,816	<b>4,698</b>	(5,962)	(11,670)	(14,458)
<b>Excess Revenue over Expenses (Expenses over Revenues) <u>Recovery Format</u></b>	<b>(9,808)</b>	<b>12,268</b>	<b>1,377</b>	<b>(9,496)</b>	<b>(15,321)</b>	<b>(18,193)</b>

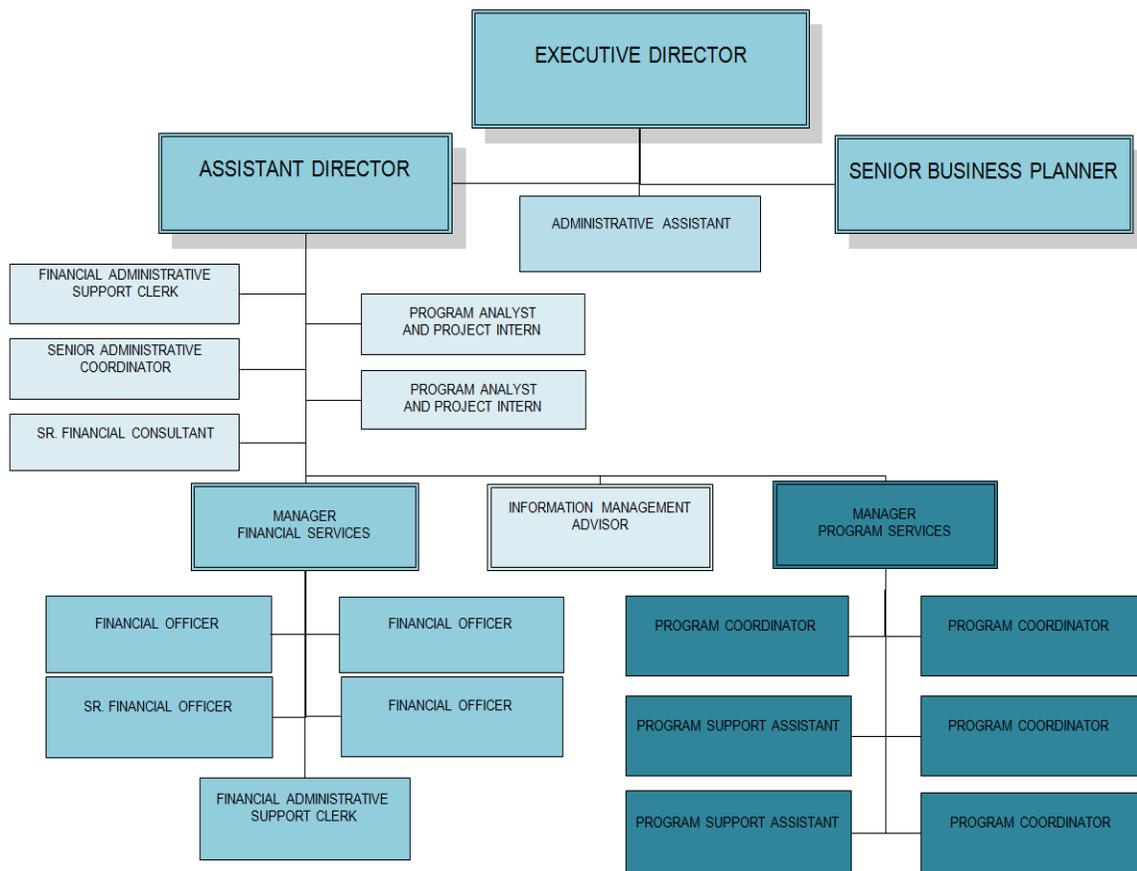
The following assumptions should be noted with respect to the preceding financial information:

- Expenses exceed revenues as a result of the shift in funding priorities and the upfront cash flow pressure these projects present.
- Current cash flow methodology assumes disbursements on regular program funding will be in the range of 15% to 23% of approvals per year.
- Credit losses are projected based on 8% of the estimated loan balance.
- NOHFC funding will remain at \$100 million in the forecast period.
- Administrative costs are based on the approved budget for 2016-17 with adjustments for known variances and inflationary factors and additional internal service provider costs.

## 9. SUMMARY OF STAFF NUMBERS; IMPACT OF BUSINESS PLAN ON HUMAN RESOURCES

In order to achieve strategic priorities and the NOHFC's mandate and objectives outlined in the business plan, MNDM has strengthened the NOHFC to meet increasing file load and government agency requirements in a complex economic and fiscal climate. NOHFC has a full time equivalent complement of twenty-three staff. This structure significantly strengthens the operational delivery of programs and fills functional gaps in IM&IT and business planning as well as addresses the need for increased capacity to meet requirements of the Agency and Appointments Directive and other OPS directives.

The outline below illustrates NOHFC's organizational structure.



## 10. RISK ASSESSMENT AND MITIGATION STRATEGIES

### Strategic/Policy/Performance Risks

#### Meeting Stakeholder Expectations

NOHFC may be at risk of not meeting expectations of the public, other governments, ministries or stakeholders in an effective, efficient and economical manner

Risk Rating	Likelihood:	Low
	Impact:	Medium
	Financial Impact:	Low - medium

Overall Residual Risk Rating: Low

#### Rationale:

NOHFC introduced a new suite of programs in late 2013 that are aligned with the policies of the GPNO. The new programs represent change for the NOHFC and its clients. While the programs are based upon the GPNO policies which were developed in consultation with northerners there are client groups that feel NOHFC is not meeting their needs. The new programs did not represent a shift from NOHFC's previous program direction. However if the new programs does not see continuous uptake by stakeholders, NOHFC may not be able to commit its funding without amending mandate/programs.

Alternatively, NOHFC could have too much demand and possibly invest in lower priority projects over higher priorities, due to the continuous application intake process (i.e. "first come, first served").

#### Corrective Action: Reduce

- NOHFC will implement a board approved action plan to address items identified in the 2016 program evaluation completed by MNDM.
- Ongoing monitoring of program uptake and seek approval for adjustments if /when necessary.
- A target marketing exercise will inform marketing strategy aimed to educate NOHFC's clients and attract applications from targeted clients.
- NOHFC, MNDM REDB and the third party due diligence service provider staff regularly discuss issues with clients and utilize this information when undertaking continuous improvement activities
- NOHFC will continue to undertake an annual client survey to identify any issues or concerns. The results of the survey will be utilized to develop remedial action plans.

- NOHFC utilizes informal information sources, program reviews and consultation efforts to ensure programs meet changing business needs and external factors. NOHFC and Ministry's ongoing communication with stakeholders assist in understanding their expectations and provides an opportunity to educate stakeholders to ensure their expectations are realistic.

Agency Performance Measurement

NOHFC may be at risk of reporting performance inaccurately due to methodology used to measure key metrics.

Risk Rating	Likelihood:	Medium
	Impact:	Medium
	Financial Impact:	Low

Overall Residual Risk: Low

Rationale:

NOHFC determines job creation numbers through client submissions, verified by MNM staff and third party service providers prior to approval of funding. Without ongoing monitoring of job creation resulting from NOHFC investment, there is a risk that NOHFC performance measure reporting may be inaccurate due to external unknown impacts resulting in the Minister quoting inaccurate information to the public.

If the numbers are proven to be inaccurate there is potential for NOHFC job creation numbers to be more or less than previously reported.

NOHFC has developed the IT system capacity to track non-key program specific performance measures however this information has not been populated to date. This results in an information gap when assessing the effectiveness of individual funding programs.

NOHFC has mechanisms in place to ensure a project is completed as proposed and financial controls are in place to ensure appropriate disbursement of funds.

Corrective Action: Reduce

- NOHFC is developing and will implement a methodology to increase the accuracy of performance measurement and monitoring from its investments through participation in a larger Ministry exercise.

- This exercise will result in strengthening the use of performance metrics as part of evidence-based decision making.
- NOHFC will take all reasonable steps to input/collect the data for past projects and ensure processes and procedures are in place to ensure the data is collected on an ongoing basis. This data will provide additional information to assess the effectiveness of funding programs in the future.

### **Accountability / Governance**

Alignment with MOU, Service Level Agreements, etc.

NOHFC recently entered into service level agreements with ministry partners who provide services to the agency.

Risk Rating	Likelihood:	Low
	Impact:	Medium
	Financial Impact:	Low

Overall Residual Risk: Low

Rationale:

NOHFC partners within MNDM include, but not limited to MNDM's Regional Economic Development Branch, Legal Services, Communications and Controllershship. The MOU between the Ministry and NOHFC outlines the services to be provided by the Ministry to the Agency and is supported by Ministry senior management and service level agreements (SLA) were established with the service providers in 2016-17.

As new relationships are formed under the SLA framework there is potential for disagreement on the terms and conditions of the agreement and/or services may not meet requirements of the agreement which could negatively impact NOHFC's ability to meet its objectives. This can negatively impact both timeliness and quality of program delivery activities.

Corrective Action: Reduce

- Work with MNDM to implement and monitor service level agreement(s) with key program delivery partners.
- MNDM and NOHFC will develop proper processes, systems and training to support Ministry employees.
- Processes and procedures are in place to ensure Transfer Payment Accountability Directive (TPAD) requirements are met.

## Compliance

NOHFC may be at risk due to breaches of codes of conduct, government directives, contracts or agreements, conflicts of interest or other inappropriate activity. Risk of reputational damage, financial loss, legal sanctions or other impacts caused by breach.

Risk Rating	Likelihood:	Low
	Impact:	High
	Financial Impact:	Medium

Overall Residual Risk Rating: Low

### Rationale:

The Board of Directors formed a governance committee in 2016-17 and developed a governance work plan. Given the immature status of the governance committee and work plan there is an increased likelihood the affairs of the Corporation and managed improperly. In addition, Board members are expected to comply with the Travel, Meal and Hospitality Directive and all other OPS directives and policies listed in the MOU among MNDM and NOHFC.

### Corrective Action: Reduce

- A Governance Committee has been established by the Board and an annual work plan has been developed and implemented.
- NOHFC confirms compliance with OPS directives, policies and guidelines on an annual basis through compliance attestation.
- Ministry oversight is continuous and any possible detection of non-compliance can be swiftly acted upon.
- Managers and staff receive training on OPS policies, guidelines and directives.
- NOHFC and Ministry staff work on an on-going basis to ensure Board members are operating within their limitations.
- NOHFC is subject to a year end audit by the Auditor General of Ontario where travel claims are reviewed for compliance.
- Legal counsel provides ongoing advice.

## Operational

Information Technology: Reliability, Integrity and disclosure of information

NOHFC may be at risk of having unreliable and dated information in its project management database, and also at risk of inadvertently releasing confidential customer data or having its systems compromised by unauthorized access.

Risk Rating	Likelihood:	Medium
	Impact:	High
	Financial Impact:	Medium

Overall Residual Risk Rating: Low

Rationale:

The NOHFC utilizes an IT system to track all relevant information regarding applications received and information to evaluate, approve and monitor funded projects. There are limitations to the use of FUNDS (NOHFC's project management database) and reports are inadequate. There are issues that arise and need to be corrected regularly with the system. The Agency will not be able to adequately or accurately report on performance or ensure appropriate oversight of project funding. Delays in updates to the database may result in a backlog of data entry, exacerbating data integrity issues.

Corrective Action: Reduce

- Continue to work with IT to develop solutions to existing situation.
- Data entered into the NOHFC system is backed up nightly. Daily backups performed are on a separate system.
- Investigate options for a new system, including the use or integration with E-Grants.
- Monthly data downloads to improve reporting and the availability of data.
- Ongoing monitoring is being implemented to improve the reliability of data and reduce outdated information.
- NOHFC has an IM & IT Advisor who will work with partners to improve systems.
- NOHFC will develop a five year IT roadmap.

### Organizational Capacity

NOHFC may be at risk of not having the capacity or flexibility to respond to new initiatives without negatively impacting the delivery of existing programs and services.

Risk Rating   Likelihood:           Medium  
                  Impact:                    Medium  
                  Financial Impact:       Low

Residual Risk Rating: Low

#### Rationale:

Organizational gaps exist for key skills required to implement its marketing plan. Gaps in key skills will impact NOHFC's ability to strategically deliver programs and improve program performance. Employee turnover is not high, but there is movement due to staff seeking advancement opportunities or retiring.

Corrective Action: Reduce

- NOHFC is working collaboratively with MNDM – Communications Services Branch to develop and implement a modernized marketing and communications plan.
- NOHFC is in discussions with MNDM – Communications Services Branch to establish an agreement on the services to be provided to NOHFC.

### Third Party Due Diligence / Service Provider

NOHFC may be at risk of operational delays and client service issues as due diligence services are transitioned to a new service provider.

Risk Rating   Likelihood:           Medium  
                  Impact:                    High  
                  Financial Impact:       Medium

Overall Residual Risk Rating: Medium

#### Rationale:

NOHFC conducted a Request for Bids in 2016-17 and a new due diligence services provider, MNP LLP, was the successful bidder. MNP is a large professional services firm with the expertise to provide the services however there is a significant learning

curve to understanding NOHFC programs, policies, processes and service expectations.

Due to the large number of private sector files, NOHFC has limited internal resources to validate 100% of the activity MNP undertakes with respect to each private sector file and its obligations under the service agreement however they have a reputation to uphold. The authority NOHFC has given to MNP allows them the opportunity to affect client relationships.

NOHFC relies heavily on the third party service provider for services that could potentially be provided within the Ministry at a lower cost. NOHFC may overpay the due diligence provider for unnecessary services if adequate monitoring procedures are not in place.

Corrective Action: Reduce

- NOHFC has provided MNP with significant training prior to assigning them files.
- NOHFC has a strong contract in place with the service provider and will monitor their performance closely.
- NOHFC has provided the service provider with tools and resources to support them in providing services.
- NOHFC is currently implementing an alternative service delivery mechanism that could have an impact on MNP (i.e. bringing some services in-house).
- REDB staff are located in 26 communities throughout Northern Ontario. Their strength lies in their knowledge of the communities they serve, involvement and geographic proximity to public and private proponents, and knowledge of government programs and services available including those of the NOHFC.
- NOHFC has identified a number of services, such as site visits and monitoring of private sector projects that will be transitioned over to REDB and included in a service level agreement with the Ministry. The re-alignment is intended to ensure appropriate project funding oversight, enhanced client outreach, relationship building opportunities and ongoing advisory support to clients for better project success.
- NOHFC interacts on an ongoing basis with MNP to ensure they have an understanding of NOHFC expectations and contractual requirements.
- Client satisfaction with MNP will be measured as part of the client satisfaction survey.