

Northern Ontario Heritage Fund Corporation
Fiscal 2022-2023 Business Plan

Annual Budget and Financial Projections for 2022-23 through 2024-25

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Executive Summary

The Northern Ontario Heritage Fund Corporation (NOHFC) continues to deliver its mandate of promoting and stimulating the economy in Northern Ontario throughout the 2021 fiscal year. Northern Ontario businesses, entrepreneurs, and communities continued to manage through the pandemic by putting in place measures to protect one another, doing whatever was required in hopes for a return to normalcy and economic stability.

NOHFC worked diligently throughout these uncertain times to support businesses and organizations across the North, as they have looked for innovative ways to move forward. Our programs have helped ensure that businesses, non-profit organizations, Indigenous communities, and municipalities had access to financial support to invest in projects that have helped drive the economy towards economic recovery. NOHFC continued to deliver its services without interruption, demonstrating resilience, understanding, compassion and flexibility for clients as they navigated through these unprecedented times. NOHFC's Board of Directors, under the leadership of The Honorable Greg Rickford, Minister of Northern Development, Mines, Natural Resources and Forestry, led the agency with foresight to ensure programs remained relevant and responsive to the needs of the North.

Throughout the pandemic, NOHFC remained focused on supporting economic recovery through strategic project investments. The 2021-22 fiscal year saw many significant achievements, including:

- the promotion and delivery of the renewed programs (launched in February 2021);
- the rollout of a new program advisory service to support private sector applicants throughout the project lifecycle;
- implementation of a new competitive intake process for applications to the Invest North – Grow Stream and applications to the Cultural Supports – Film and Television Stream;
- initiating the procurement for third-party services related to due diligence and project monitoring;
- initiating the procurement for NOHFC's information technology systems renewal project, which will enhance client services through a LEAN design approach;
- allocation of more than \$100 million to projects to help create and retain jobs in Northern Ontario; and
- continued improvements to the NOHFC website, supporting enhanced access to comprehensive program information and user-friendly online applications.

As NOHFC prepares for 2022-23 and beyond, we continue our commitment to promote and stimulate the economy of Northern Ontario, while creating and retaining jobs and leveraging investment from the public and private sector. NOHFC's 2022-23 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 2022-23 include:

- a continued focus on promotion and delivery of NOHFC's renewed programs;
- achieving all milestones for NOHFC's information technology and system renewal project, by providing dedicated resources to the project to make the processes for NOHFC, services providers, and clients easier and more efficient;
- continuing to facilitate informed funding and operating decisions to help manage funding approvals and operating expenses within the allocation from the Province;
- completing the procurement process for third-party due diligence and monitoring services by November 1, 2022; and
- maintaining continuous process improvement, training, and support to ensure the success of the service arrangement with the Regional Economic Development Branch (REDB), enhancing NOHFC's service delivery to clients.

The people of Northern Ontario are continuing to *Protect our Progress* towards economic recovery, *Building Ontario* back up together and developing the workforce, making the economy *Work for Workers*. NOHFC is open for business, providing financial assistance to businesses, municipalities, Indigenous communities, and other non-profit organizations across Northern Ontario as we work towards economic recovery together.



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*¹. Oversight of NOHFC falls within the mandate of the Ministry of Northern Development, Mines, Natural Resources and Forestry (NDMNR). NOHFC, as a board-governed agency, has an appointed Board of Directors, and the Minister of NDMNR, 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, NOHFC delivers financial assistance through programs that offer conditional contributions and loans to municipal, Indigenous, not-for-profit, and business applicants. This provincial support recognizes the vital role NOHFC will continue to have as Northern Ontario prepares for and embarks upon economic recovery and long-term growth.

NOHFC's 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 Mandate Letter (Agency)

In September 2021, The Honourable Greg Rickford, Minister of NDMNR provided a mandate letter to NOHFC's Vice-Chair of the Board of Directors with the expectation that NOHFC focus on:

- Providing superior client service;
- Delivering 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

¹ <https://www.ontario.ca/laws/statute/90n05>

- opportunities for Indigenous people; address the skilled labour shortage; and aid in the recovery from COVID-19; and
- 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 the taxpayer. This includes:

1. Competitiveness, Sustainability and Expenditure Management

- Operating within your agency's financial allocations.
- Identifying and pursuing opportunities for innovative practices, and/or improved program sustainability.
- Identifying and pursuing efficiencies and savings, including those due to COVID-19, as applicable.
- Working with the ministry, where appropriate, to advance the *Ontario Onwards Action Plan*².

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, accounting standards and practices, and the *Public Service of Ontario Act*³ ethical framework, 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. 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 privacy requirements of data work and data sharing with the ministry, as appropriate.

4. Digital Delivery and Customer Service

- Exploring and implementing digitization or digital modernization strategies for online service delivery and continuing to meet and exceed customer service standards through transition.
- Adopting digital approaches, such as user research, agile development, and product management.

² <https://www.ontario.ca/page/ontario-onwards-action-plan>

³ <https://www.ontario.ca/laws/statute/06p35>

5. Diversity and Inclusion

- Developing and encouraging diversity and inclusion initiatives promoting an equitable, inclusive, accessible, anti-racist and diverse workplace.
- Demonstrating leadership of an inclusive environment free of harassment.
- Adopting an inclusion engagement process to ensure all voices are heard to inform policies and decision-making.

6. COVID-19 Recovery

- Identifying and pursuing service delivery methods (digital or other) that have evolved since the start of COVID-19.
- Supporting the recovery efforts from COVID-19.

1.2. NOHFC Strategic Plan

NOHFC's strategic plan was developed by the NOHFC Board of Directors in consultation with the staff of NOHFC and NDMNRF. Reviewed annually by the NOHFC Board, the plan sets out the strategic framework of NOHFC, including the vision, mission, guiding principles, and 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

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

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. 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 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.

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

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

Over the past number of years, Northern Ontario's Gross Domestic Product (GDP) growth has fluctuated. Northern Ontario will see the second strongest real GDP growth

among all Ontario regions in 2021, with expected GDP growth of 5.6 per cent, compared to 5.8 per cent in southwestern Ontario⁴.

2.1. Northern Ontario Overview

Demographics and Workforce

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

Northern Ontario represents 90 per cent of the provincial land mass, with a population of approximately 800,000, representing 5.7 per cent of the provincial population. In addition, the 2016 Census⁵ indicates that more than half of the Northern Ontario 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.

Northern Ontario continues to have a higher rural population distribution than in Southern Ontario (36.1 per cent vs 14.0 per cent in Southern Ontario). This is further demonstrated with over 85 per cent of the municipalities in Northern Ontario having 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.

Looking to the future, the Ontario Ministry of Finance indicates that the population of Northern Ontario is projected to be relatively stable, with a slight increase of 3.7 per cent over the 811,000 in 2020, to 841,000 by 2046. Within Northern Ontario, the Northeast is projected to see population growth of approximately 23,000, or 4 per cent, from 569,000 to 592,000. The Northwest is projected to experience growth of 7,000, or 2.9 per cent, from 242,000 to 249,000⁶.

Northern Ontario has become increasingly reliant on net migration for population growth. Net migration has been disrupted by the COVID-19 pandemic. For the Province of Ontario, net migration has slowed from 173,000 in 2019-20, to 61,000 in 2020-21. However, net migration is projected to rebound to 276,000 in 2021-22. While net migration for Northern Ontario was 3,100 in 2019-20, it is projected to be 700 in 2020-21, and 7,300 in 2021-22. Furthermore, the net international migration for Northern Ontario of 2,300 in 2019-20, is projected to decline to -400 in 2020-21, followed by a rebound to 6,300 in 2021-22.

⁴ Ontario Ministry of Finance

⁵ As Statistics Canada conducts a census every five years, the next census is scheduled for May 2021.

⁶ <https://www.fin.gov.on.ca/en/economy/demographics/projections/>

Further to the net migration projections, detailed age population demographic projections for Northern Ontario are also unique. Between 2021 and 2046, the number of children aged 0 to 14 is projected to decline in both the Northeast and Northwest regions. In 2020, the Northwest region's portion of children was at 16.7 per cent and the Northeast region was at 14.5 per cent. By 2046, the Northeast region is projected to have the lower of the two regions with a population share of children at 13.7 per cent while the Northwest is projected to be at 15.7 per cent.

Among all regions of Ontario, in 2020, the Northeast had the highest share of those aged 65 and over at 22.2 per cent. By 2046, it is projected that the Northeast will remain with the highest share of that demographic at 28.2 per cent. While the Northwest is projected to have an increase in those aged 65 and over from 19.1 per cent in 2020, to 23.7 per cent in 2046.

Ontario has the largest Indigenous population in Canada (374,395), representing 2.8 per cent of the total population of Ontario. The young and growing Indigenous population is poised to play an increasingly important role in meeting the region's future labour needs. 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 per cent of Ontario's Indigenous population is under 15 years of age, an increase of 39 per cent since 2006⁷.

Of the total Northern Ontario population, 17 per cent is Indigenous, compared to 2.8 per cent in Southern Ontario. The Thunder Bay Census Metropolitan Area has the highest proportion of Indigenous people in Canada at 12.7 per cent of the population. Over the next 15 years, it is forecasted that the Indigenous population will comprise 40 per cent of the youth population in Northwestern Ontario and 15-20 per cent of the youth population in Northeastern Ontario⁸.

Economic Performance

The COVID-19 pandemic and related public health crisis have impaired economic activities at home and around the globe. In addition to the slow pace of economic growth in 2019 due to a stagnant goods-producing sector, the COVID-19 pandemic has heavily impacted the economy of Northern Ontario. The impact is further illustrated through Northern Ontario's economic output falling from 5.5 per cent to 5.0 per cent of Ontario's GDP in 2020. The North's population remained relatively stable from the previous year, representing 5.5 per cent of the provincial population. In addition,

⁷ <https://www.ontario.ca/document/spirit-reconciliation-ministry-indigenous-relations-and-reconciliation-first-10-years/indigenous-peoples-ontario>

⁸ <https://www.ontario.ca/document/spirit-reconciliation-ministry-indigenous-relations-and-reconciliation-first-10-years/indigenous-peoples-ontario#:~:text=Thunder%20Bay%20is%20the%20Census,non%2DIndigenous%20population%20in%20Ontario.>

between 2019 and 2020, there was a decrease in employment in the North by 13,900 workers to 343,300 (down from 357,200)⁹.

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 25.2 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, 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.

2.2. Key Economic Sectors & Activities

Mining

Mining in Ontario directly employs 28,000 people and indirectly employs approximately 47,000 with around two-thirds of direct mining jobs located in Northern Ontario¹⁰. The sector has one of the highest proportions of Indigenous workers in Ontario and many benefits from Ontario's direct mining employment occur in Northern Ontario. The broader mining supply and services cluster includes over 900 companies and employs more than 40,000 people, contributing \$3.9 billion towards Ontario's GDP annually. Ontario's mining industry accounts for more than \$2 billion in direct wages annually.

Northern Ontario is home to 30 of the 31 metal mines in Ontario and 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 Ontario¹¹. In 2020, \$10.5 billion worth of minerals were produced (mined and processed) in Ontario (approximately 82 per cent metallic and 18 per cent non-metallic minerals). A total of \$570 million was spent in 2020 on mineral exploration. In 2020, Ontario was Canada's second-largest jurisdiction in mineral production, with most mineral production activity occurring in Northern Ontario. Ontario was also once again Canada's leader in mineral exploration expenditures in 2020, making up 27 per cent of the nation's total mineral exploration spending. Strong mineral prices are supporting growth in the minerals sector and helping to offset COVID related impacts. S&P Global Market Intelligence forecasts an increase of 20 per cent in global exploration spending

⁹ <https://www.ontario.ca/page/ontario-economic-accounts>

¹⁰ <https://www.mndm.gov.on.ca/en/ring-fire>

¹¹ <https://www.investinontario.com/mining#secure>

in 2021. Currently, Ontario has a pipeline of projects that includes approximately 28 advanced mineral exploration projects.¹²

The 2020 Fraser Institute Annual Survey of Mining and Mineral Exploration Companies¹³ 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. Ontario offers highly competitive business costs focused on burden reduction and fair and transparent mining law that support growth and profitability. It is a sector that attracts more exploration spending dollars than any other jurisdiction in Canada, with access to the mining finance capital of the world, Toronto¹⁴.

Ring of Fire

Ontario's Ring of Fire is the mineral resource-rich area of approximately 5,120 km² located in the James Bay Lowlands region of Northern Ontario. The Ring of Fire is a mineral development opportunity that has significant multi-generational potential to produce critical minerals, including nickel, chromite, copper, and platinum.

Infrastructure investment and Indigenous leadership will help ensure that Ontario is well-positioned to contribute to North American requirements and to benefit from strategic trade and investment opportunities. Analysis done by the Ontario Chamber of Commerce suggests that within the first 10 years of its development, the Ring of Fire will make significant contributions to Ontario's economy, and will, for example, generate up to \$9.4 billion in GDP and sustain up to 5,500 jobs annually¹⁵.

As of September 1, 2021, the active claims in the Ring of Fire were held by 13 companies and individuals as sole owners and in various joint ventures.

Critical Minerals

Recent and significant investments to transform and retool automotive plants to produce battery electric vehicles have spurred focus on Ontario's competitive position across the entire battery supply chain from critical minerals through to the application of battery-electric technology in several key economic sectors.

This includes mining, which is vital in contributing to much-needed supply to feed emerging North American battery markets, as is the province's refining capacity to produce battery suitable products of nickel, cobalt, lithium, and graphite, as well as

¹² <https://www.labour.gov.on.ca/english/hs/pubs/miningprogress/profile.php>

¹³ <https://www.fraserinstitute.org/studies/annual-survey-of-mining-companies-2020>

¹⁴ <https://www.investontario.ca/mining>

¹⁵ [https://occ.ca/wp-content/uploads/Beneath_the_Surface_web-1.pdf#:~:text=In%20the%20short%2Dterm%20\(first,between%20the%20federal%2C%20provincial%2C%20and](https://occ.ca/wp-content/uploads/Beneath_the_Surface_web-1.pdf#:~:text=In%20the%20short%2Dterm%20(first,between%20the%20federal%2C%20provincial%2C%20and)

related production of other copper and platinum group elements. Ontario's geography, resource development expertise, mineral processing capacity, and manufacturing ability could be leveraged to keep large sections of supply chains in Ontario.

Increasingly, manufacturers and consumers are looking for critical minerals and refined products sourced from jurisdictions with a commitment to sustainable approaches to mineral exploration and development. Development of Ontario's Critical Minerals Strategy will consider Ontario's supply chain opportunities, including the province's capacity for the processing and refining of critical minerals with the potential to create products for electric vehicle batteries that could be manufactured in Ontario¹⁶.

Forestry

Ontario's forest sector generates \$17.6 billion in revenue, contributes \$4.2 billion to the provincial GDP, and comprises \$6.5 billion worth of forestry products exports annually. The sector continues to be an important employer across all regions of Ontario and directly employs 47,800 people and supports 143,000 jobs¹⁷. Approximately 11,100 people in Northern Ontario were employed directly by the forest industry in 2019. Approximately, one in four northern communities depends significantly on the forest sector for employment income.

During the COVID-19 pandemic, the forest sector was recognized as essential to produce and deliver products from building materials to hygiene, food, and medical supplies, as well as packaging and shipping products and paper towels, sanitary needs, and toilet paper. Ontario's forestry sector also provided the raw materials needed for manufacturing personal protective equipment such as masks, gowns, filters, and bio-active packaging.¹⁸

In 2021, the Ontario government released the *Ontario Forest Sector Strategy*¹⁹ with the goal of sustainably growing the forest sector to create opportunity and prosperity and encouraging innovation and investment in the industry. Ontario has 71.1 million hectares of forest, 27.7 million hectares of managed Crown forests, and harvests 0.1 million hectares of Crown forest annually.

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 20 largest sawmills operating out of Northern Ontario produce 90 per cent of the province's lumber. While Ontario's primary forest sector is mainly located in

¹⁶ <https://www.ontario.ca/page/critical-minerals>

¹⁷ <https://www.ontario.ca/page/forestry>

¹⁸ <https://www.ontario.ca/page/sustainable-growth-ontarios-forest-sector-strategy#section-1>

¹⁹ <https://www.ontario.ca/page/ontarios-forest-sector-strategy>

the North, it provides a foundation for a large secondary and value-added manufacturing sector located in Southern Ontario.

Since the spring of 2020, lumber demand has been robust. However, lumber supply has been relatively restricted as sawmills were not able to increase production to meet demand due to a COVID-19 pandemic-related labour shortage. As a result, lumber prices reached historical highs and averaged US\$1,479/ MBF (thousand board feet) in May 2021. Going forward, lumber prices are expected to hold at a relatively high level but much below the historic peak attained in Q2 of 2021.

Fueled by a strong homebuilding industry both in the US and Canada and due to capacity curtailments, this also created a perfect situation for exceptionally high prices for Oriented Strand Board (OSB). OSB prices continued to move higher in the first half of 2021 and reached US\$1,345/ MSF (thousand square feet) by the end of June 2021. This is the first time ever that OSB prices crossed the \$1,300 milestone. OSB prices are expected to remain very strong and volatile in 2021 by all historic standards.

US newsprint prices have climbed \$140/tonne since the end of 2020. This price hike is supported by capacity closures, conversions, and downtime, as well as lower levels of imports. Overall, however, newsprint demand continues to fall, and many producers are looking to transition from newsprint to other products with higher demand, such as boxboard, containerboard, and linerboard.

Pulp prices have spiked dramatically since November of last year. Low supplies, logistical issues, and robust demand led US market pulp prices up by \$485 and \$450/tonne across key grades of softwood and hardwood kraft respectively by the end of Q2 2021. Pulp demand has been strong so far in 2021. However, it has been softening recently. While prices are projected to move lower during the second half of the year, it is still believed that they will remain supported by underlying industry fundamentals at a relatively high level compared to recent history.

The industry continues to face trade challenges from the US Department of Commerce and the continuing application of duties on Canadian Softwood Lumber. The forest industry is a key driver of Ontario's economy, and vital to the economic recovery of both Canada and Ontario. Ontario will continue to voice the importance of free trade in defense of the forest industry in conjunction with other Canadian provinces whose industry are subject to the import tariffs²⁰.

²⁰ <https://news.ontario.ca/en/statement/1001227/ontario-supports-the-canadian-softwood-lumber-industry-and-defends-free-trade>

Agriculture

According to Statistics Canada and the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)²¹, in 2016, agriculture related businesses employed 33,730 people in Northern Ontario. Furthermore, in 2020, Northern Ontario farm cash receipts for goods produced totalled approximately \$229.4 million (not including aquaculture operations).

The agri-food sector is comprised of primary agriculture, food, beverage, and tobacco processing/manufacturing, wholesale, and retail and food services. Northern Ontario's 1,985 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, representing 57 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.

In 2021, the impacts from drought conditions in Northwestern Ontario significantly affected the availability of feed and water for livestock.

While a Canada-United States-Mexico (CUSMA) free trade deal has been negotiated, uncertainty in the domestic dairy sector remains as the CUSMA will see Canada lift Class 7 pricing on some Canadian-produced milk ingredients and open 3.59 per cent of its domestic dairy market to foreign competition.

Globally, demand for food is rising. A warming climate as well as new technologies and crop varieties can increase the range of crops that can be grown in the North and improve crop yields. Northern Ontario also has the capacity to increase production of fish and livestock to serve growing domestic and export markets for protein. More opportunities for value-added processing are also anticipated as primary agricultural output expands²².

²¹ <http://www.omafra.gov.on.ca/english/index.html>

²² <http://www.omafra.gov.on.ca/english/northernagrifood/noas.htm>

Tourism

The COVID-19 pandemic has impacted Ontario's tourism, hospitality, and culture sectors significantly due to limits on travel and other restrictions. Between February 2020 and May 2020, Ontario's tourism and hospitality-related sectors lost more than 275,000 jobs. As of September 2021, these sectors have recovered 260,000 jobs, but employment remains more than 15,000 jobs below its pre-pandemic level.²³

In 2018, visitor spending in Northern Ontario (Tourism Region 13) supported 12,558 jobs (10,235 direct employment, 1,070 indirect employment, and 1,253 induced employment) with total visitor spending of \$1.6 billion and over \$1 billion in contribution to Northern Ontario's total GDP in 2018²⁴.

In 2019, tourism-related businesses accounted for 19 per cent of all businesses in Northern Ontario (Tourism Region 13). Compared to other industries in Ontario, the tourism-related industries employ higher than average proportions of women, young people, and students.

Northern Ontario attracted a higher proportion of overnight trips than the Ontario average, and nature-based tourism is the most dominant type of tourism across the three sub-regions that comprise the Northern Ontario Tourism Profile RTO13 (Northeast, Central, and Northwest). Nearly one-third (31 per cent) of tourist visits in Northern Ontario included participation in an outdoor or sports activity in 2018. These outdoor activities include boating (11 per cent of visits), fishing (10 per cent of visits), and camping (10 per cent of visits).

Significant impacts have been identified in Northern Ontario as a result of COVID-19. Tourism businesses that rely on US guests have been impacted by border closures and lack of significant proximate local and hyper local market. US entries to Ontario via border crossings in Northern Ontario significantly decreased in 2020 compared to 2019: Pigeon River (down 92.9 per cent); Fort Frances (down 89.5 per cent); Rainy River (down 85.6 per cent); and, Sault Ste. Marie (down 83.2 per cent).

Additionally, there were significant net job losses in the accommodation and food services sector in Northern Ontario in 2020, compared to 2019 (down 4,400 jobs or down 19.6 per cent). In 2020, hotel occupancy in Northern Ontario significantly decreased compared to 2019: Sudbury (down 22.1 per cent); Thunder Bay (down 20.8 per cent); Sault Ste. Marie (down 19.5 per cent); and North Bay (down 18.1 per cent).

²³ <http://www.mtc.gov.on.ca/en/research/rtp/rtp.shtml>

²⁴ Statistics are based on the Regional Tourism Profile, RTO13, which does not include Parry Sound District.

Arts, Culture, and the Creative Industries

The impacts of the COVID-19 pandemic on culture and sport were also significant as activities within this sector were sharply curtailed. Non-essential businesses engaging in culture and sport activities were impacted as large gatherings were restricted starting in March 2020.

The NOHFC has supported the film and television industry in the form of over 216 film and television projects since 2013, with support totalling over \$152 million and leveraging another \$805 million²⁵. Financial support from the NOHFC has been provided for a wide range of film and television productions with total production values ranging from \$100,000 to \$30 million. To date, most productions occur in Sudbury, North Bay, and Sault Ste. Marie. However, other popular locations include Timmins, Thunder Bay, and Parry Sound.

Popular productions 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*. Project costs that are eligible for NOHFC funding support include all costs of the production that are spent in Northern Ontario, including labour costs, production goods and services, and post-production costs. The NOHFC has an approved Northern Vendors list to help determine eligible costs.

Advanced Manufacturing

In addition to Northern Ontario's reliance on resource sectors, the manufacturing sector represents a significant contributor to the northern economy with approximately 450 manufacturing enterprises that employed 22,200 in 2020 and contributed \$2.36 billion to the GDP of Ontario in 2020. Northern Ontario's manufacturing employment increased 12.7 per cent between 2019 and 2020.

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. To compete effectively, both industries have modernized 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

²⁵ As at October 5, 2021

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.

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. With approximately 2,600 direct employees, Algoma Steel supports a total of approximately 4,800 direct and indirect jobs in Sault Ste. Marie. Each year, Algoma Steel spends more than \$1.2 billion on supplies, services, and raw materials, including \$120 million in the region.

In November 2021, Algoma Steel announced the construction of two new state-of-the-art electric-arc-furnaces (EAF) to replace its existing blast furnace and basic oxygen steelmaking operations. The transformation is expected to reduce Algoma Steel's carbon emissions by approximately 70 per cent. The company plans to invest approximately \$700 million in the EAF transformation, funded with previously announced financing commitments and the proceeds related to a recently completed merger.

This will transform Algoma Steel into a more agile and profitable company, positioned for long-term growth as an economic driver and employer of choice in Northern Ontario. Once complete, the project is expected to deliver three million tonnes of annual CO2 reduction, placing the project among the highest impact investments in greenhouse gas reduction in Canada, and positioning the company as a competitive, energy-efficient, lower environmental impact steelmaker.

3. NDMNRF Mandate, Priorities, Initiatives

NDMNRF works to promote Northern Ontario's economic and community development. To accomplish that the government has undertaken several initiatives detailed below.

3.1. Ontario's Action Plan: Protecting People's Health and Our Economy

In March 2021, the government announced the next phase of Ontario's response to the COVID-19 pandemic through the second Budget delivered during the pandemic. Ontario's 2021 Budget *Ontario's Action Plan: Protecting People's Health and Our Economy*²⁶ builds upon the government's record investments in response to the global pandemic, bringing total investments to \$16.3 billion to protect people's health and \$23.3 billion to protect the economy. Ontario's total response to COVID-19 is now \$51 billion. Like economies around the world, Ontario has been impacted by the COVID-19 pandemic. As the economy recovers, Ontario's GDP and employment are both forecast to surpass their pre-pandemic levels in early 2022.

3.2. The Ontario Onwards: Action Plan

The *Ontario Onwards: Action Plan*²⁷ is an ambitious roadmap to improve the overall functioning of government at a rapid pace, based on lessons learned during the ongoing COVID-19 pandemic. The vision of this roadmap is to make government services customer-focused, digital, and data-driven. In so doing, the speed of government operations and decision-making will be improved.

The Action Plan outcomes are divided into four categories:

- Making government services more digitally accessible;
- Reducing red tape and simplifying policies, while protecting public health and safety;
- Improving government purchasing; and
- Creating more responsive and flexible public services.

NOHFC's mandate to promote and stimulate initiatives that grow and diversify the economy of Northern Ontario aligns with the desired outcomes of the *Ontario Onwards: Action Plan*. Through NOHFC's focus on digital delivery and customer service, the agency continues to explore and implement digitization or digital modernization strategies for online service delivery and adopting digital approaches.

²⁶ <https://budget.ontario.ca/2021/index.html>

²⁷ <https://www.ontario.ca/page/ontario-onwards-action-plan>

3.3. Ontario's Jobs and Recovery Committee

Northern Ministerial Advisory Council

NDMNRFC established a Northern Ministerial Advisory Council (the Council) in spring 2020, 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. Input from the Council was provided to the Ontario Jobs and Recovery Committee. The Committee supported the province's recovery efforts through consultation with the people of Ontario on a plan to stimulate economic growth and job creation, while protecting health and safety.

3.4. Open for Jobs Blueprint

In 2018, as part of the *Ontario Economic Outlook and Fiscal Review: A Plan for the People*²⁸, 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*²⁹ (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, NDMNRFC structured the program renewal development to ensure consideration of, and

²⁸ <https://www.fin.gov.on.ca/fallstatement/2018/contents.html>

²⁹ <https://budget.ontario.ca/2019/bg-jobs.html>

alignment, as appropriate, with the OJB. NDMNRF and NOHFC have worked closely with Ministry of Economic Development Job Creation and Trade (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 two-year Regulatory Burden Reduction Strategy *Unleashing a Competitive Ontario by Cutting Overregulation – Lowering the Cost of Doing Business Strategy*.³⁰ 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)³¹, 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 to 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.

³⁰ <https://www.ontario.ca/page/cutting-red-tape>

³¹ <https://www.ontario.ca/laws/statute/20m18>

4. Overview of NOHFC's Current Programs

NOHFC's programs are intended to enable clients to pursue investing in their businesses; build strong and resilient northern communities; attract, retain, and develop Northern Ontario's workforce; and showcase Northern Ontario's culture, geography, and talent, while supporting economic growth and development.

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 new businesses in Northern Ontario.
- **Investment – Grow Stream:** The Grow stream is designed to assist with the growth of existing businesses 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 business 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. 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 measures also signal areas needing attention and improvement, and emphasizes the improvement and value made by the program or service.

NOHFC utilizes output, outcome, and program specific performance measures to benchmark progress towards agency mandate. Outcome-based measures look at the effectiveness of operations relative to the agency’s mandate and reflect the intended results of the program or service. NOHFC refers to these as Key External Performance Measures, and they include job creation and investment leverage. Output-based performance measures show outcomes and results of agency activities that support the realization of outcomes in the context of volume and experience with services. NOHFC

refers to these as Non-Key Performance Measures and uses client satisfaction rate as the measure. NOHFC utilizes a mix of both outcome and output performance measures for program specific performance measures.

The following sections highlights NOHFC’s performance tracking and historical results. NOHFC reports on performance measures each year in an agency annual report.

5.1. Key External Performance Measures

Number of Full-Time Jobs Being Created/Retained

NOHFC funding programs are 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. The job creation target for NOHFC will remain 3,000 for the duration of the plan.

Total Job Creation		
Fiscal Year	Created & Retained Jobs	Target
2021-22 YTD	1,380 ³²	3,000

NOHFC Investment Dollars Leveraged from other Partners

Funding provided by NOHFC to projects will also leverage external funding. This increase in investment through leverage of funding will provide opportunities to create jobs in a broad range of economic sectors in Northern Ontario. The investment leverage target for NOHFC remains at 3:1 for the duration of the plan. This means that for every dollar NOHFC invests, the target is that another three will be leveraged or invested from other sources. However, it should be noted that NOHFC programs generally only require 1:1 ratio as funding is generally limited to 50% of eligible project costs.

Leverage Ratio		
Fiscal Year	Actual	Target
2021-22 YTD	2.45 ³³	3

³² Figure includes project investments between April 1, 2021 through November 10, 2021.

³³ Figure includes project investments between April 1, 2021 through November 10, 2021.

5.2. Non-Key Performance Measures

Client Satisfaction

Client satisfaction with NOHFC, its service delivery providers, and its programs is assessed on an annual basis. A survey conducted after the close of each fiscal year measures levels of client satisfaction with the services provided, including staff effectiveness and timeliness. The results provide NOHFC with feedback from clients to assist in continuous improvement efforts.

The results from the 2020-21 client survey were calculated on survey responses from a wide spectrum of NOHFC client interactions. Survey recipients included clients seeking information on how to apply, those in the process of applying for funding, and those in receipt of funding. For 2020-21, NOHFC’s achieved a client satisfaction rate of 88 per cent, which refers to clients who agree (at 37 per cent) or strongly agree (at 51 per cent) with the statement “Overall, I am satisfied with the quality of services provided by the NOHFC.”

Client Satisfaction		
Fiscal Year	Actual	Target
2020-21	88%	85%
2021-22	N/A ³⁴	85%

5.3. Program Specific Non-Key Performance Measures

The following non-key performance measures have been developed for NOHFC’s programs. The NOHFC will administer the new programs for at least one year to collect baseline operational and impact data in support of Immediate Outcome performance measures and subsequently, as a part of annual strategic planning, undertake a performance measures target setting session with the NOHFC Board of Directors. As baseline data is collected in support of Longer-term Outcomes, targets will also be set through strategic planning.

NOHFC’s current programs have been accepting applications since February 11, 2021, with approvals beginning in fiscal 2021-2022.

The immediate outcomes described below will require at least one full year from the program launch to build a baseline of data for the future performance measurement targets to be developed. Baselines for longer-term outcomes will be known within three years of program launch, as much of the data required to inform the measures will be collected through project reporting once recipients complete projects and begin to report on project outcomes at the individual business level.

³⁴ NOHFC’s annual client satisfaction survey is conducted after the fiscal year is completed.

The immediate outcome performance measures reported below represent year to date figures for 2021, including all approvals from **April 1, 2021, through November 10, 2021**. The figures below include only projects approved under current programming, and do not include legacy program approvals.

Invest North Program

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

Measured by:

- 1. Number of businesses supported.
- 2. Investment dollars leveraged.
- 3. Number of jobs created/retained.

Measure	2021-2022 YTD ³⁵
Number of businesses supported	38
Number of jobs created/retained	60
Investment dollars leveraged	A ratio of 3.3:1 or \$20.7 million in real dollars

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 NOHFC People and Talent program, helping fill skilled worker shortages.

³⁵ April 1, 2021 through November 10, 2021

Measured by:

1. Number of approved intern applications.
2. Number of approved Indigenous intern applications.

Measure	2021-2022 YTD ³⁶
Number of approved intern applications	401
Number of approved Indigenous intern applications	55

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 greater 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:

1. 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.

³⁶ April 1, 2021 through November 10, 2021

III. Number of Film and television productions.

Measure	2021-2022 YTD ³⁷
Number of assets improved/enhanced	45
Number of events	14
Number of Film and television productions	24

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 modernized/improved/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 2022-23: Meeting the Mandate Letter Expectations

NOHFC's business plan is preceded by NOHFC's annual mandate letter issued by the Minister outlining the Agency's directions for the year.

NOHFC's three-year business plan describes its planned activities, incorporating direction from the mandate letter as outlined in section 1.1 above.

Competitiveness, Sustainability, and Expenditure Management

1. NOHFC's programs include a hybrid of intake and evaluation methodologies that are subject to continuous improvement supporting program sustainability and innovation. These methods support timely funding decisions, financial management, and NOHFC's ability to operate within its allocation from the ministry.

³⁷ April 1, 2021 through November 10, 2021

2. NOHFC's programs were designed to leverage project investment in innovative ideas within both existing and emerging economic sectors that will enable the northern economy to recover from the impacts of the COVID-19 pandemic and stimulate further growth.
3. Indigenous, rural, and remote communities will have increased access to targeted NOHFC programs and services through an enhanced program advisory service. Strengthen and implement new models for program delivery that meet the needs of northerners through digitally accessible services, data driven decisions, and enhanced efficiency while supporting *Ontario Onwards: Action Plan*.

Transparency and Accountability

1. NOHFC will continue to enhance administrative support to the Governance and Audit committees through resource access and training.
2. NOHFC will deliver agency training to increase awareness of NOHFC's process and accountability to the ministry and stakeholders.
3. NOHFC will develop a board skills repository to match board members skills with roles and responsibilities.

Data Collection

1. NOHFC continues to improve its user-friendly application systems to meet customer expectations on an ongoing basis.
2. NOHFC staff will identify new data tracking through the new information technology 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 implementation of the information technology systems renewal project to enhance client access and service.
2. Enhancements to performance measures and tracking of NOHFC and service provider partners supporting continuous improvement in impact reporting.
3. Strengthen partnerships and promote relationship to collaboratively deliver on government priorities, including NDMNRF's Regional Economic Development Branch's enhanced support to NOHFC clients.
4. NOHFC will enhance new practices to continue to effectively respond to clients and stakeholders through emergency situations.

Diversity and Inclusion

1. Utilizing training, tools and operating practices outlined in the Ontario Public Sector (OPS) Inclusion and Diversity Blueprint, prioritizing broad participation in workplace diversity, accessibility, inclusion and anti-racism activities through formal and informal learning and development opportunities within the OPS.

2. Use of the OPS Inclusion lens tool in program and policy improvement initiatives.
3. Establishing engagement processes that enhance policy and decision making with an inclusion lens.

COVID-19 Recovery

1. Enhance through continued focus on digital service delivery, ease of access to NOHFC programs to a diversity of clients across the public and private sector through ongoing projects.
2. Continue to work with clients who have approved projects to support them through the economic recovery cycle and until the project is successfully completed.

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 and 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;
- Improved language and appearance of client and employee facing resources to enhance understanding of program information and simplify processes;
- Increased use of all appropriate social media marketing and web resources;
- 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 continue in 2022-23, aimed at supporting NOHFC's modernization and improving NOHFC's policies and procedures for the entire information management lifecycle. Activities include:

- New system implementation to replace aging infrastructure;
- Enhanced records and information management, including increased opportunities to migrate paper-based processes to a digital format;
- Process improvements to enhance efficiency and improve user experience; and
- Continue to contribute to the government's Open Government objectives by making available NOHFC data to the public where appropriate and promote transparency and accessibility.

NOHFC Information Management & Information Technology Strategy Development:

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

- Improvements in client self-serve activities;
- Improved information security through migration of highly sensitive data to existing high security solutions within the OPS;
- Centralized access for general data, record keeping, and resource documents; and
- Enhanced self-serve reporting and data analysis capabilities.

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 NOHFC.

7.1. Projected Three Year Schedule of Administrative Expenses

	2020/21 Fiscal Actual	2021/22 Fiscal Forecast	2022/23 Fiscal Budget	2023/24 Fiscal Budget	2024/25 Fiscal Budget
Salaries and Wages	\$2,134,602	\$2,157,000	\$2,340,000	\$2,390,000	\$2,446,000
Employee Benefits	322,674	317,000	339,000	348,000	356,000
Transportation & Communication	24,075	125,000	250,000	250,000	250,000
Services	4,529,244	5,208,300	5,878,000	6,226,400	6,355,800
Information Technology and System Renewal Project	126,516	295,000	1,250,000	1,090,000	-
Supplies & Equipment	6,643	50,000	50,000	50,000	50,000
Total Administration Costs	\$7,143,754	\$8,152,300	\$10,107,000	\$10,354,400	\$9,457,800

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

- Salaries and benefits include 22 full time positions and 2 temporary positions.
- The Services component includes costs associated with third party and internal (NDMNRF REDB) due diligence services, LRC Business Solutions Services for ICT needs, and NDMNRF Legal Services Branch assisting with legal requirement.

8. Projected Three Year Financial Budget

The following table includes a forecast of NOHFC revenues and expenses projected from 2022-23 through 2024-25.

(figures are reported in 000's of dollars)

<i>For the fiscal year</i>	2020-21 Actual	2021-22 Forecast	2022-23 Projected	2023-24 Projected	2024-25 Projected
Revenue					
Province of Ontario Grant	\$82,500	\$100,000	\$100,000	\$75,000	\$75,000
Interest on cash and cash equivalents	1,420	600	500	500	500
Interest on loans receivable	873	1,000	1,225	1,244	1,215
Recoveries	1,625	-	-	-	-
Total Revenue	\$86,418	\$101,600	\$101,725	\$76,744	\$76,715
Expenses					
Grants	\$85,029	\$86,957	\$99,186	\$95,865	\$82,507
Credit losses	1,341	2,700	5,200	5,300	5,200
Administration – see schedule	7,144	8,152	10,107	10,354	9,458
Total Expenses	\$93,514	\$97,809	\$114,493	\$111,519	\$97,165
Annual Deficit	(7,096)	3,791	(12,768)	(34,775)	(20,450)

Assumptions Used:

- Transfer payment allocation is held as a payable by the ministry until the cash resources are needed by 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 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 third-party services through a competitive procurement process established by the province. NOHFC initiated a request for bids process during the fiscal year of 2020-21 and anticipates completing the procurement in May 2022. NOHFC recognizes that client communication is essential in ensuring a seamless and efficient transfer of services by third-party service providers and will ensure that this occurs.

10. Strategic Partnership - Regional Economic Development Branch

Within the Northern Development Division of NDMNRF, the Regional Economic Development Branch (REDB) delivers, supports, and promotes 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 team 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.

For public sector clients, REDB evaluates proposals, performs project monitoring services, and the evaluation of payment requests from clients. REDB also provides program advisory services to NOHFC's private sector clients. The enhancement and streamlining of REDB's support services from application development to project monitoring is essential in supporting these 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 NOHFC to remain on the leading edge meeting the needs of northerners.

11. NOHFC - Ontario Public Service Employees

NOHFC maintains a Memorandum of Understanding (MOU) with NDMNRF. The MOU includes that NDMNRF will arrange for the provision of services and support from NDMNRF to NOHFC in consultation with the Board, Chair, and the Executive Director to ensure fulfillment of NOHFC's mandate and to support the day-to-day activities of NOHFC.

The support and services include management and staff of NDMNRF who are assigned to NOHFC. All management and staff assigned to NOHFC remain OPS employees and the Executive Director has a dual reporting structure to the Chair and Board of Directors of NOHFC, as well as to NDMNRF. 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 22 employees. NDMNRF has provided additional temporary FTEs to assist NOHFC in achieving the strategic priorities, mandate, and major project initiatives outlined in this plan.

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

Ontario Public Service Employees Union (OPSEU)

This is the largest bargaining unit in the OPS, 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.

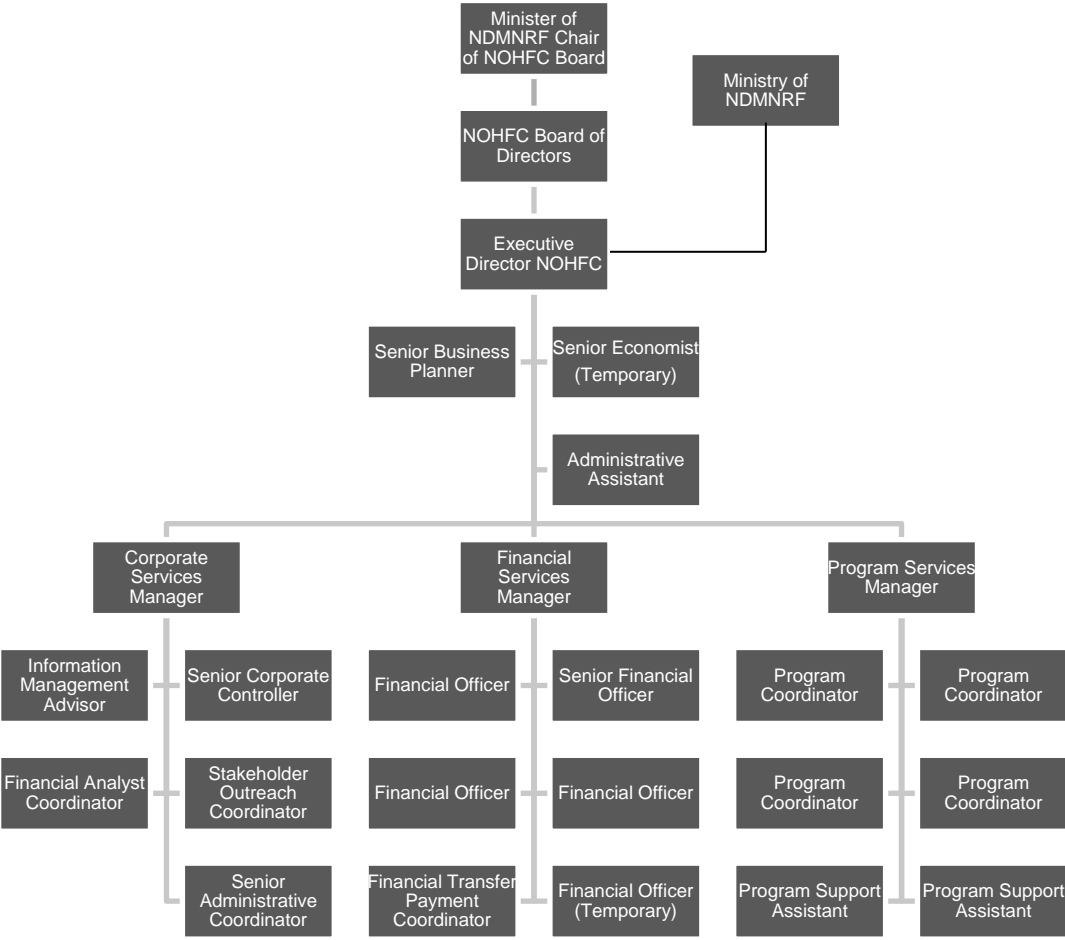
In the OPS, OPSEU is divided into two bargaining units – the Unified unit and the Correctional unit. Dispute Resolution for the Unified unit is by strike or lockout, with no disruption of essential services and Interest Arbitration for the Correctional unit.

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 Structure³⁸



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 OPS’s and NDMNRF’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 NDMNRF. NOHFC’s risk management framework provides a platform for managing risk through several key risk areas, including:

- Strategic,
- Accountability/Governance,

³⁸ As of November 10, 2021

- 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 NDMNRF, including Legal Services and Business Planning.