

Northern Ontario Heritage Fund Corporation
Fiscal 2023-2024 Business Plan

Annual Budget and Financial Projections for 2023-24 through 2025-26

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Executive Summary

The Northern Ontario Heritage Fund Corporation (NOHFC) continued to deliver its mandate of promoting and stimulating the economy in Northern Ontario throughout the 2022 fiscal year providing financial assistance to projects that stabilize, diversify, and foster economic growth in the region. NOHFC worked diligently to 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 recovery.

Our programs targeted existing and emerging markets, supported more projects in small rural communities, addressed the skilled labour shortage, and made it easier for more people and businesses to apply. This year, NOHFC delivered its services demonstrating resilience, understanding, compassion and flexibility for clients as they navigated through challenges. NOHFC's Board of Directors, under the leadership of The Honorable Greg Rickford, Minister of Northern Development, led the agency with foresight to ensure programs remained relevant and responsive to the needs of the North to stimulate the economy and foster economic growth.

Over the fiscal year, NOHFC remained focused on supporting economic recovery through strategic project investments. The 2022-23 fiscal year saw many significant achievements, including:

- a continued focus on promotion and delivery of NOHFC's renewed programs.
- maintaining a process of continuous improvement, training, and support to ensure the success of the service delivery arrangement with the Ministry of Northern Development's (MND) Regional Economic Development Branch (REDB), enhancing NOHFC's service delivery to clients.
- completed the procurement process for third-party due diligence and monitoring services.
- achieved all development 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.
- facilitated informed funding and operating decisions to help maximize funding approvals and manage operating expenses within the allocation from the province.

As NOHFC prepares for 2023-24 and beyond, we continue our commitment to create and incent economic opportunities for northern communities, supporting emerging transformative economic opportunities with strategic investments to provide long-term regional economic benefits that create and retain jobs and leverage investment from the public and private sector. NOHFC's 2023-24 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 2023-24 include:

- a focus on diversifying client participation in NOHFC's renewed programs with an emphasis on increasing Indigenous representation.
- continuing to achieve all milestones for NOHFC's information technology and system renewal project, to enable easier, efficient processes and that reduce administrative pressures for NOHFC, services providers, and clients.
- continuing to facilitate informed funding and operating decisions to help maximize funding approvals and manage operating expenses within the allocation from the province.
- monitoring and oversight of third-party due diligence.
- maintaining continuous process improvement, training, and support to ensure the success of the service arrangement with REDB, to provide superior client service and encouraging new communities to submit applications.

The people of Northern Ontario are continuing to rebuild Ontario's economy through Ontario's Plan to Build developing the workforce, making the economy *Work for Workers*. NOHFC is open for business, providing financial assistance to businesses, municipalities, Indigenous communities, and 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 (MND). NOHFC, as a board-governed agency, has an appointed Board of Directors, and the Minister of Northern Development, 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 moves toward 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 November 2022, The Honourable Greg Rickford, Minister Northern Development, provided a mandate letter to NOHFC's Vice-Chair of the Board of Directors with the expectation that NOHFC focus on:

- Diversifying participation by encouraging new communities to submit proposals with an emphasis on increasing Indigenous representation.

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

- Continuing to provide superior client service.
- Enabling easier, efficient processes that reduce burden to submitting applications.

As part of the Government of Ontario, agencies are expected to act in the best interests of the people of Ontario and ensure that they provide value for money to taxpayers. These priorities include:

1. Competitiveness, Sustainability and Expenditure Management

- Identifying and pursuing opportunities for revenue generation through partnerships, where appropriate.
- Identifying efficiencies and savings through innovative practices, and/or improved program sustainability.
- Operate within the agency's financial allocations.
- Complying with applicable direction related to supply chain centralization, including contract harmonization for planned and pending procurements, accounting practices and realty interim measures for agency office space.
- Leveraging and meeting benchmarked outcomes for compensation strategies and directives.

2. Transparency and Accountability

- Abiding by applicable government directives and policies and ensuring transparency and accountability in reporting.
- Adhering to accounting standards and practices, and responding to audit findings, where applicable.
- Identifying appropriate skills, knowledge and experience needed to effectively support the board's role in agency governance and accountability.

3. Risk Management

- Developing and implementing an effective process for the identification, assessment, and mitigation of agency risks, including COVID-19 impacts and any future emergency risks.

4. Workforce Management

- Optimizing the organizational capacity to support the best possible public service delivery, including redeploying resources to priority areas, where needed.
- Supporting the implementation of the Community Jobs Initiative (CJI) by identifying opportunities to relocate new or existing agencies to lower cost communities.

5. Diversity and Inclusion

- Developing and encouraging diversity and inclusion initiatives promoting an equitable, inclusive, accessible, anti-racist and diverse workplace.

- Adopting an inclusion engagement process to ensure all voices are heard to inform policies and decision-making.

6. Data Collection

- Improving how the agency uses data in decision-making, information-sharing, and reporting, to inform outcome-based reporting and improve service delivery.
- Increasing data sharing with Supply Ontario, when applicable, regarding procurement spending and planning, contract arrangements and vendor relations to support data-driven decision-making.

7. Digital Delivery and Customer Service

- Exploring and implementing digitization for online service delivery to ensure customer service standards are met.
- Using a variety of approaches or tools to ensure service delivery in all situations, including pursuing delivery methods that have evolved since 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 MND. 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 continue to 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.

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, applications, and other 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 an 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.

Unprecedented challenges, such as the COVID-19 pandemic, have significantly impacted the people of Northern Ontario. In addition to the impacts of the pandemic, Ontario continues to navigate economic uncertainties such as rising inflation, rising interest rates, supply chain challenges, ongoing labour shortages and record-high housing prices.

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 experienced a real GDP growth of 1.3 per cent in 2021 and growth is forecasted to be 3.5 per cent in 2022, compared to Ontario's GDP growth of 4.3 per cent in 2021 and forecasted growth of 3 per cent in 2022².

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 2021 Census³ 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 grow slowly over the projected horizon, with a slight increase of 5.9 per cent from 811,000 in 2021, to 858,000 by 2046. Within Northern Ontario, the Northeast is projected to see population growth of approximately 40,000, or 7 per cent, from 570,000 to 609,000. The Northwest is projected to experience growth of 8,000, or 3.4 per cent, from 241,000 to 249,000⁴.

While the overall population of Northern Ontario has increased by 1.2 per cent, the proportion of children (0-14 years) and the working-aged population (15-64 years) has

² Ontario Ministry of Finance

³ Statistics Canada 2021 census

⁴ <https://www.fin.gov.on.ca/en/economy/demographics/projections/>

declined. Between 2016 and 2021, the population of children has decreased by 0.5 per cent compared to a provincial increase of 2.0 per cent, while the working-aged population has decreased by 2.4 per cent compared to an increase of 3.8 per cent provincially.

However, there are regional differences to these fluctuations in the working-aged population. For example, the census agglomeration Elliot Lake and census subdivisions Parry Sound, Sioux Lookout, Kenora, Seguin, Kasabonika Lake First Nation, Deer Lake First Nation, Magnetawan, McKellar and Carling all saw increases in working-aged people that ranged from 1.6 per cent in Parry Sound to 31.1 per cent in Deer Lake First Nation.

Northern Ontario has become increasingly reliant on net migration for population growth. Ontario's net migration jumped from 63,000 in 2020-21, to 280,000 in 2021-22. However, net migration is projected to be slightly lower in 2022-23, at 241,000. While net migration for Northern Ontario was 1,200 in 2020-21, it is projected to be 4,900 in 2021-22, and 5,700 in 2022-23. Furthermore, net international migration for Northern Ontario of 200 in 2020-21 is projected to jump to 5,100 in 2021-22, and 5,500 in 2022-23.

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 slightly in both the Northeast and Northwest regions. In 2021, the Northwest region's population aged 0-14 accounted for 16.6 per cent of the population and 14.5 per cent in the Northeast. By 2046, the Northeast region is projected to have the lower of the two regions with a population share of children aged 0-14 at 13.8 per cent while the Northwest is projected to be at 15.8 per cent.

Among all regions of Ontario, in 2021, the Northeast had the highest share of those aged 65 and over at 22.9 per cent. By 2046, it is projected that the Northeast will remain with the highest share of that demographic at 27.9 per cent. While the Northwest is projected to have an increase in those aged 65 and over from 19.8 per cent in 2021, to 23.5 per cent in 2046.

Ontario has the largest Indigenous population in Canada (406,585), representing 2.9 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. Thirty-eight per cent of Ontario's Indigenous population is under 25 years of age. Twenty-two percent of Ontario's Indigenous population is under 15 years of age⁵.

⁵ <https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E>

Of the total Northern Ontario population, 17.8 per cent is Indigenous, compared to 2.0 per cent in Southern Ontario. The Thunder Bay Census Metropolitan Area has the highest proportion of Indigenous people in Canada at 14 per cent of the population.

Economic Performance

Impacts from the affects of the COVID-19 pandemic have put a strain on all areas of the economy. Northern Ontario is experiencing rising interest rates, supply chain challenges, lack of affordable housing, ongoing labour shortages and inflation reaching a 40-year high. Northern Ontario's tourism sector is only beginning to rebound from travel restrictions and US/Canada border closures. The impact is further illustrated through Northern Ontario's economic output falling from 5 per cent to 4.8 per cent of Ontario's GDP in 2021.

The North's population remained relatively stable from the previous year, representing 5.5 per cent of the provincial population. In addition, between 2020 and 2021, there was a slight increase in employment in the North by 600 workers to 343,500⁶.

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 35.2 per cent of the North's total employment in 2021, compared to 25.4 per cent provincially).

Many of the region's communities continue to depend on primary industries such as mining and forestry, which accounted for 6.5 per cent of the North's total employment in 2021, 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

Since 2018, NOHFC has supported 196 projects in the mining supplies and services sector with investment totalling \$36 million and leveraging an additional support of \$204 million in Northern Ontario.⁷

⁶ Statistics Canada. Table 14-10-0393-01 Labour force characteristics, annual
<https://www.ontario.ca/page/ontario-economic-accounts>

⁷ As of March 21, 2023

Mining in Ontario directly employs approximately 29,000 people and indirectly employs approximately 46,000 people with around two-thirds of direct mining jobs located in Northern Ontario⁸. 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 1,400 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 \$2.9 billion in direct wages annually.

Northern Ontario is home to 27 of the 28 metal mines in Ontario and one major industrial mineral mining operation. As of October 31, 2022, there were 333,673 active mining claims in good standing in Ontario, the majority located throughout Northern Ontario⁹. In 2021, \$11.1 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 \$878 million was spent in 2021 on mineral exploration, an increase of 55 per cent from 2020. Ontario was Canada's second-largest jurisdiction in mineral production, with most mineral production activity occurring in Northern Ontario. Ontario was also Canada's leader in mineral exploration expenditures in 2020, second biggest leader in 2021 making up 24 per cent of the nation's total mineral exploration spending in 2021. Elevated mineral prices supported growth in the minerals sector and helped to offset COVID-19 related impacts from the year prior. S&P Global Market Intelligence forecasts an increase of 16 per cent in global exploration spending in 2022. Currently, Ontario has a pipeline of projects that includes approximately 31 advanced mineral exploration projects.¹⁰

The 2021 Fraser Institute Annual Survey of Mining and Mineral Exploration Companies¹¹ ranked Ontario 12th on the Investment Attractiveness Index (out of the 84 jurisdictions assessed in the survey) with a score of 79.59 per cent (up slightly from 20th in 2020). 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, Toronto¹².

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

⁸ Statistics Canada. Table 14-10-0392-01 Employment by industry, annual

⁹ <https://www.investinontario.com/mining#secure>

¹⁰ <https://www.labour.gov.on.ca/english/hs/pubs/miningprogress/profile.php>

¹¹ <https://www.fraserinstitute.org/studies/annual-survey-of-mining-companies-2020>

¹² <https://www.investontario.ca/mining>

mineral development opportunity that has significant multi-generational potential to produce critical minerals, including nickel, chromite, copper, and platinum. The international interest in this area continues to highlight the value of the mineral potential in this part of Ontario, especially as it relates to the search and acquisition of 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 (and global) critical minerals supply chain requirements and to benefit from strategic trade and investment opportunities. All-season, dependable road access to the Ring of Fire is a critical step to unlocking economic opportunities and benefits for the region. All-season road access will provide First Nations and northern communities better access to health services, create economic opportunities, improve food security, and reduce the cost of living. It is anticipated that NOHFC will play a role in supporting community economic development, as well as job creation and retention related to these opportunities.

As of November 1, 2022, there were active claim cells covering 5,079 km² in the Ring of Fire, held by 14 companies and individuals as sole owners and in various joint ventures¹³.

Critical Minerals

Ontario's exceptional mineral potential, supportive business climate and strong environmental and social governance fundamentals make the province a premier global destination for investment into critical minerals development. Ontario boasts a vast and varied geology that includes world-class deposits of nickel, lithium, platinum, cobalt, graphite, and dozens of other strategically important minerals. Many of these minerals have been identified by other countries as having geopolitical significance due to supply shortages or concentration of supply in very few countries. Ontario's clean electricity grid, high labour standards and its commitment to Indigenous reconciliation and environmental sustainability make Ontario a global supplier of choice for responsibly sourced critical minerals.

The transition of the global auto industry away from internal combustion engines to electric vehicles (EVs) has bolstered Ontario's competitive position across the entire battery supply chain from critical minerals through to battery manufacturing and ultimately recycling. With the release of its first-ever *Critical Minerals Strategy* and *Driving Prosperity Phase 2* (Ontario's automotive strategy) the province is committed to supporting the development of an end-to-end battery supply chain ecosystem. Since 2020, Ontario has successfully attracted over \$11 billion worth of keystone EV assembly and EV battery manufacturing investments. As Ontario implements its Critical Minerals Strategy, the province will have to make the necessary investments and work with industry to increase the production of critical minerals through the development of

¹³ Mines and Minerals Division and Strategic Policy Division, November 15, 2022

new mines, expanded mineral processing and refining capacity, battery recycling, and the recovery of minerals from mine wastes¹⁴.

Forestry

Since 2018, NOHFC has supported 175 projects in the forestry sector with an investment totalling \$40 million and leveraging an additional support of \$227 million in Northern Ontario.¹⁵

Ontario's forest sector generates \$18 billion in revenue, contributes \$4.3 billion to the provincial GDP, and comprises \$7.5 billion worth of forestry products exports annually. The sector continues to be an important employer across all regions of Ontario and directly employs 49,500 people and supports 148,000 jobs¹⁶ indirectly. Approximately 13,000 people in Northern Ontario were employed directly by the forest industry in 2021. Approximately, one in four northern communities depends significantly on the forest sector for employment income.

In 2021, the Ontario government released the *Ontario Forest Sector Strategy*¹⁷ 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. In 2022, the province released the Forest Biomass Action Plan, a five-year plan that encourages the use of forest biomass resources to secure jobs, support economic development and encourage sustainability in Ontario's Forest sector¹⁸.

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

Defying all expectations, the demand for lumber has been robust during and post pandemic mainly because the housing sector was declared as essential industry and house building continued during the COVID-19 related lockdown. A boost from repair and remodeling and do-it-yourself projects also contributed to high demand. As prices began to correct in the fall of 2021, another supply shock came following severe flooding in British Columbia. As a result, lumber prices started to climb again in November 2021, reaching another monthly average peak of US\$1,275/MBF (thousand-

¹⁴ Critical Minerals Strategy Unit, Mines and Minerals Division, November 9, 2022

¹⁵ As of March 21, 2023

¹⁶ <https://www.ontario.ca/page/forestry>

¹⁷ <https://www.ontario.ca/page/ontarios-forest-sector-strategy>

¹⁸ <https://www.ontario.ca/page/forest-biomass-action-plan>

foot board measure) in March 2022. As supply chain issues were resolved in the spring of 2022, prices began to slide. At the same time, the US Federal Reserve raised interest rates to curb post-pandemic inflation. Rising mortgage rates have impacted housing affordability, and consequently, lumber demand has softened. Going forward, lumber demand and prices are expected to remain low through the fourth quarter of 2022 and throughout the year 2023. The year 2023 is forecasted to be a recession year.

The softwood lumber industry continues to face trade challenges from the US Department of Commerce as duties are applied on Canadian softwood lumber. Ontario's softwood lumber producers have paid an estimated \$694 million in duty deposits between April 2017 and the end of September 2022. The softwood lumber 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 defence of the forest industry in conjunction with other Canadian provinces whose industry are subject to the import tariffs.

Oriented Strand Board (OSB) demand and prices have followed a similar pattern to lumber demand and prices. Fueled by a strong homebuilding industry both in the US and Canada and due to capacity curtailments, the OSB sector witnessed a demand and supply imbalance. The prices for OSB continued to move higher in the first half of 2021 and reached US\$1,345/ MSF (thousand square foot measure) by the end of June 2021. OSB prices bottomed out in August 2021 but began to climb again in September 2021, reaching another peak of \$1,275/MSF in March 2022. OSB prices have been decreasing since then due to an easing of supply-chain bottlenecks and softening demand from house building industry. Going forward, OSB demand and prices are expected to remain low in fourth quarter of 2022 and in 2023.

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.

Newsprint prices, which had continued to slowly increase throughout 2021, maintained their momentum in 2022 as well. By September 2022, prices increased by US\$150 (19 per cent) since the start of the 2022 year to reach US\$920/tonne. For the full year of 2021, newsprint prices climbed from US\$625/tonne in January 2021 to US\$770/tonne in December 2021, a US\$145/tonne (23 per cent) increase. Overall 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. Producers have also been somewhat successful in offsetting the reduction in domestic demand by shifting tonnage back into export markets. Demand for newsprint is expected to decline sharply in 2023 due to a possibility of a recession, resulting in lower newsprint prices.

Prices for Northern Bleached Softwood Kraft (NBSK) pulp have been steadily increasing since the start of Q1 2022. During 2021, pulp prices reached a record level (US\$1,615/

tonne list price) in May/June. Thereafter, there was a steady price decline for the remainder of the 2021 year. By the start of Q1 for 2022, the prices began to increase with March 2022 matching the record level of 2021 at US\$1,615/ tonne, a \$165/ tonne increase from December 2021. The price increases continued throughout Q2 2022 with June recording a new record of US\$1,805/ tonne, an increase of US\$190/ tonne (12 per cent) from Q1 2022. NBSK prices have stayed at this level through to September 2022.

The recent hikes in NBSK prices are a result of tight global pulp supply/demand balance, where there are currently constraints to supply including challenges with ocean freight and rail and truck transport. The Russian invasion of Ukraine has also exacerbated existing bottlenecks and introduced new ones (e.g., enormous increases in energy costs). In North America, rail and truck transport shortages are the main bottlenecks¹⁹.

The NBSK pulp market is expected to remain tight over the coming years due to declines in capacity, grade switches and very limited new supply additions. Pulp prices stabilized in Q3 of 2022 and began to decline toward the end of the quarter. Pulp prices are expected to continue move down slowly in fourth quarter of 2022 and in 2023 as the global supply chain moves excess volume trapped on ships and in ports.

Agriculture

Since 2018, NOHFC has supported 292 projects in the agricultural, aquiculture and food processing sector with a total investment of \$46 million and leveraging \$104 million in additional investment for Northern Ontario.²⁰

According to Statistics Canada and the Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA)²¹, in 2021, agriculture related businesses employed 33,730 people in Northern Ontario. Furthermore, in 2021 Northern Ontario farm cash receipts for goods produced totalled approximately \$238 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 1,782 farms utilized 711,263 acres of farmland to grow crops and raise livestock. The number of farms in Northern Ontario represents approximately 3.7 per cent of the provincial total. The two largest sub-sectors of Northern Ontario's agriculture sector are dairy product, cattle, and beef, representing 41 per cent of the total cash receipts in 2021 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 \$38 million in

¹⁹ Ministry of Natural Resources and Forestry, November 14, 2022

²⁰ As of March 21, 2023

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

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 \$27.5 million²².

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 expands²³.

Tourism

Since 2018, NOHFC has supported 438 projects in the tourism sector with a total investment of \$30 million and leveraging \$60 million in additional investment for Northern Ontario.²⁴

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 280,000 jobs. As of October 2022, these sectors have recovered 270,000 jobs, but employment remains at more than 10,000 jobs below its pre-pandemic level.²⁵

In 2019, visitor spending in Northern Ontario (Tourism Region 13) supported 12,558 jobs (10,235 direct employment, 1,070 indirect employment, and 1,253 induced

²² Trade Investment and Marketing Unit, Northern Development Division, November 14, 2022

²³ <https://data.ontario.ca/en/dataset/ontario-farm-data-by-county>

²⁴ As of March 21, 2023

²⁵ <http://www.mtc.gov.on.ca/en/research/rtp/rtp.shtml>

employment) with total visitor spending of \$1.5 billion and over \$1 billion in contribution to Northern Ontario's total GDP²⁶.

In 2021, tourism-related businesses accounted for 7 per cent of all business establishments in Northern Ontario (Tourism Region 13). Compared to other industries in Ontario, tourism-related industries employ higher 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-quarter (27 per cent) of tourist visits in Northern Ontario included participation in an outdoor or sports activity in 2019. These outdoor activities include fishing (10 per cent of visits), boating (8 per cent of visits), and camping (7 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 are significantly down in 2022 compared to the same period in 2019: Pigeon River (down 49.7 per cent); Fort Frances (down 51.7 per cent); Rainy River (down 59.7 per cent); and Sault Ste. Marie (down 59.6 per cent).

Additionally, there were significant net job losses in the accommodation and food services sector in Northern Ontario in 2022, compared to 2019 (down 3,900 jobs or down 17.4 per cent). In 2021, hotel occupancy in Northern Ontario significantly decreased compared to 2019: Sudbury (down 16.7 percentage points); Thunder Bay (down 11.3 percentage points); Sault Ste. Marie (down 11.2 percentage points); and North Bay (down 9.3 percentage points)²⁷.

Arts, Culture, and the Creative Industries

Since 2018, NOHFC has supported over 400 projects in Arts, Culture and Creative Industries sector with a total investment of \$118 million and leveraging \$760 million in additional investment for Northern Ontario²⁸.

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.

²⁶ Statistics are based on the Regional Tourism Profile, RTO13, which does not include Parry Sound District.

²⁷ Ministry of Tourism, Culture and Sport, November 15, 2022

²⁸ As of March 21, 2023

Financial support from the NOHFC has been provided for a wide range of film and television productions with total production values ranging from \$190,000 to \$55 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*, Crave TV'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

Since 2018, NOHFC has supported 284 projects in the advanced manufacturing sector with a total investment of \$54 million and leveraging \$180 million in additional investment for Northern Ontario.²⁹

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 21,200 in 2021 and contributed \$2.36 billion to the GDP of Ontario in 2020. In 2021, employment Northern Ontario's manufacturing industry represented 6.2 of all employment in Northern Ontario and had a slight decrease of 4.5 per cent between 2020 and 2021³⁰.

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 decrease production costs and improve workplace safety. Where once miners had to operate heavy machinery underground in places where safety was of concern, now automated remote handling allows for the safe operation and movement of mining equipment thousands of metres below. In other instances, computer-integrated manufacturing (CIM) is applied in machine shops for creating tools used in the production of parts and accessories for computer-controlled mining and forestry equipment.

²⁹ As of March 21, 2023

³⁰ Statistics Canada. Table 14-10-0392-01 Employment by industry, annual

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

Since 2018, NOHFC has supported six projects in the steel sector with a total investment of \$1.4 million and leveraging \$2.7 million in additional investment for Northern Ontario.³¹

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 2,700 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 completed in October 2021. The EAF project is expected to take two years to complete with completion expected before the end of 2024.

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.

³¹ As of March 21, 2023

3. MND Mandate, Priorities, Initiatives

MND works to advance economic and community development in Northern Ontario through collaborative partnerships and solutions that reflect the unique needs of the North. To accomplish that the government has undertaken several initiatives detailed below.

3.1. Ontario's Plan Building a Strong Ontario

In March 2023, the Ontario government released the 2023 Budget. *Building a Strong Ontario* supports better jobs and bigger paycheques, building more highways and hospitals, and keeping costs down for Ontario families while keeping our economy open and strong.

The government's plan focuses on Rebuilding Ontario's Economy, Working for Workers, Building Highways and Key Infrastructure, Keeping Costs Down and A Plan to Stay Open³².

Rebuilding Ontario's Economy

The first pillar of the government's plan will seize opportunities in critical minerals, batteries and electric hybrid vehicle manufacturing and key infrastructure. While Ontario lost 300,000 manufacturing jobs between 2004 and 2018, the government has a plan to help create jobs and build prosperity. Highlights of include:

- Seizing Ontario's critical minerals opportunity begins in the North. Critical minerals will become part of the future of clean steel, batteries and hybrid and electric vehicles as the next generation of automobiles are built in Ontario, by Ontario workers and sold across North America and the world. The government's plan includes up to \$1 billion for legacy infrastructure, such as all-season roads to the Ring of Fire, building the corridor to prosperity. The plan is also supported by a Critical Minerals Strategy and \$2 million in 2022–23 and \$3 million in 2023–24 to create a Critical Minerals Innovation Fund³³.
- Helping create good manufacturing jobs as Ontario becomes a North American leader in building the vehicles of the future. As of early April 2022, Ontario has seen more than \$12 billion in new investments for vehicle production mandates and battery manufacturing over the past 18 months. Ontario is also supporting investments to help make the province a world-leading producer of clean, low-

³² <https://budget.ontario.ca/2022/index.html#economy>

³³ [Ontario's Plan to Build | Ontario Newsroom](#)

emission steel to help build automobiles in the province³⁴.

- The Community Jobs Initiative will bring jobs at provincial agencies to communities across Ontario to help spur economic growth. This begins with exploring the relocation of the headquarters of the Workplace Safety and Insurance Board (WSIB) to London, working in close partnership with the agency and other partners, and identifying main street communities to headquarter new government agencies. The government is moving forward with an Office Optimization Strategy as an enterprise-wide approach to space planning and delivery, to unlock and increase the value of real estate assets across the province. Office Optimization has already begun in Toronto and Sudbury. As part of the government's plan to continue to distribute jobs and work across the province, allowing people to live and work in their communities, the Ontario Public Service (OPS) will examine how best to design hybrid workplace environments that help reduce transportation congestion, contribute to environmental conservation, and reduce future real estate costs while also maintaining excellence in the delivery of services. To further enable people to live and work in their communities, the OPS is designing, testing, and implementing touchdown coworking spaces for workers in North York, Hamilton, London, Sudbury, and Ottawa, and will look to expand this to other regional locations to support the future of work as needed. These are important elements in the design of hybrid workplaces that will help to attract the best and the brightest talent, while also demonstrating to the public the ability for government to improve and advance the delivery of services and productivity³⁵.
- Investing nearly \$107 million over the next three years to help the province compete with jurisdictions in a global race to develop and own critical technologies³⁶.
- Nearly \$4 billion to support high-speed internet access to every community in Ontario by the end of 2025³⁷.

³⁴ <https://budget.ontario.ca/2022/chapter-1a.html>

³⁵ <https://budget.ontario.ca/2022/chapter-1a.html#s-21>

³⁶ <https://budget.ontario.ca/2022>

³⁷ <https://budget.ontario.ca/2022>

3.2. Ontario's Plan to Build: A Progress Update

In the *2022 Ontario Economic Outlook and Fiscal Review*³⁸, the Ontario government provided a progress report on its plan to build Ontario. Highlights of that report includes the accomplishments and commitments of:

- Attracting \$16 billion in transformative automotive investments in Ontario by global automakers and suppliers of electric vehicle batteries and battery materials over the last two years.
- Attracting \$2.5 billion in investments over the past year that will support transformation in the steel sector and help make the province a world-leading producer of low-carbon steel.
- Supporting an estimated \$8.7 billion in cost savings and support for Ontario businesses in 2022, with \$4.0 billion going to small businesses, through actions such as lowering payroll costs and providing electricity price relief.
- Unleashing the economic potential of critical minerals, including those in the Ring of Fire, with Ontario's first-ever Critical Minerals Strategy and a commitment of close to \$1 billion to support critical legacy infrastructure such as all-season roads to the Ring of Fire.
- Continuing to support the skilled trades, with Ontario seeing over 71,700 new registrations in apprenticeship programs, more than 25,000 Certificates of Apprenticeship and 5,600 Certificates of Qualification between 2018 and 2020.
- Adding over 11,700 health care workers, including nurses and personal support workers, since 2020; as well as over 800 internationally educated nurses who have become licensed nurses in Ontario through government-funded programming.
- Investing in approximately \$25.1 billion in highway expansion and rehabilitation over the next 10 years to connect communities, fight gridlock and keep goods and people moving across the province, including building Highway 413 and the Bradford Bypass, and expanding Highway 401.

³⁸ <https://budget.ontario.ca/2022/fallstatement/index.html>

3.3. Better for People, Smarter for Business

The Ontario government continues its work to eliminate unnecessary, and often outdated, rules and regulations that get in the way of business and prevent our communities and families from thriving. In support of this, Ontario has enacted *Bill 213, Better for People, Smarter for Business Act, 2020*.

Effective regulations ensure we have strong rules in place to protect us and our environment – at work, at home and at play. That’s why Ontario is working to ease the regulatory burden. Ontario is doing so in a meticulous way to ensure that health, safety, and environmental protections are maintained or enhanced where necessary.

By taking a thoughtful, targeted approach to eliminating unnecessary red tape in Ontario, the government is working to restore the competitive advantage that helped make Ontario the economic engine of Canada. Each decision is informed by the following five guiding principles:

1. Protecting Health, Safety, and the Environment Change.
2. Prioritizing the Important Issues.
3. Harmonizing Rules with the Federal government and other provinces.
4. Listening to You Whether you’re a business owner or an everyday Ontarian who cares about making Ontario work better.
5. Whole-of-Government Approach Regulations don’t just fall under one ministry — they span the entire government.

4. Overview of NOHFC’s Current Programs

NOHFC’s programs 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
2022-23 YTD	944 ³⁹	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
2022-23 YTD	2.3 ⁴⁰	3

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 2021-22 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 2021-22, NOHFC’s achieved a client satisfaction rate of 88.5per cent, which refers to clients who agree (at 43.01 per cent) or strongly agree (at 45.44 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	88.5%	85%

³⁹ Figure includes project investments between April 1, 2022, through November 4, 2022.

⁴⁰ Figure includes project investments between April 1, 2022, through November 4, 2022.

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 required 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.

The immediate outcome performance measures reported below represent year to date figures for 2022, including all approvals from April 1, 2022, through November 4, 2022. 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	2022-2023 YTD ⁴¹
Number of businesses supported	64
Number of jobs created/retained	444
Investment dollars leveraged	A ratio of 5.4 or \$76.2 million in real dollars

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

⁴¹ April 1, 2022, through November 4, 2022

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.

Measured by:

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

Measure	2022-2023 YTD ⁴²
Number of approved intern applications	270
Number of approved Indigenous intern applications	24

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.

⁴² April 1, 2022, through November 4, 2022

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.
 - III. Number of film and television productions.

Measure	2022-2023 YTD ⁴³
Number of assets improved/enhanced	92
Number of events	20
Number of film and television productions	19

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.

⁴³ April 1, 2022, through November 4, 2022

6. Key Initiatives in 2023-24: 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 annual 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.
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.

Transparency and Accountability

1. NOHFC will continue to enhance administrative support to the Board through resource access and training.
2. NOHFC will complete the approved process to develop a Board of Directors skill repository.
3. NOHFC will deliver agency training to increase awareness of its process and accountability to the ministry and stakeholders.
4. NOHFC will continue to enhance transparency through open data initiatives and website enhancements.

Risk Management

1. Assess potential Information Management and Information Technology risks for NOHFC Information Technology System Replacement and Modernization project as well as the agency website and implement risk mitigation strategies to reduce or eliminate risk to infrastructure.
2. NOHFC will deliver training to staff to provide agency specific education related to privacy and data management.

3. NOHFC will implement any recommended actions related to annual internal audits.

Workforce Management

NOHFC will continue to analyze organizational structure and position requirements to ensure that the agency is maximizing efficiency and productivity through work allocation and leveraging available technology.

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.
4. Utilizing diversity support resources for recruitment and retention of employees.

Data Collection

1. NOHFC continues to improve its user-friendly internet funding application systems to meet customer expectations on an ongoing basis.
2. Through NOHFC's Information Technology System Replacement and Modernization project, NOHFC will identify new data tracking to enhance digital tracking and better inform decision-making, reporting and information 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 MND's Regional Economic Development Branch's enhanced support to NOHFC clients.
4. NOHFC will enhance practices to continue to effectively respond to clients and stakeholders through emergency situations.

6.1. Marketing and Communications

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

Key Objectives:

- Enhance awareness of NOHFC programs and opportunities for support;
- Educate and engage clients to foster successful NOHFC applications and projects; and
- Strengthen partnerships and promote relationships to collaboratively deliver on government priorities and increase applications from a more diverse range of communities and Indigenous clients.

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;
- Increase in applications for NOHFC support from a more diverse range of communities and Indigenous clients;
- Increased use of all appropriate social media marketing and web resources; 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 2023-24, 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 by 2024;
- 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, accessibility, and data security.

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

	2021/22 Fiscal Actual	2022/23 Fiscal Forecast	2023/24 Fiscal Budget	2024/25 Fiscal Budget	2025/26 Fiscal Budget
Salaries and Wages	\$2,128,955	\$2,273,000	\$2,477,000	\$2,512,000	\$2,537,000
Employee Benefits	325,985	339,000	360,000	365,000	369,000
Transportation & Communication	40,848	150,000	250,000	250,000	250,000
Services	4,131,615	5,024,000	6,344,625	6,305,000	6,035,000
Information Technology and System Renewal Project	180,684	1,205,000	1,130,375	-	-
Supplies & Equipment	3,373	25,000	40,000	40,000	40,000
Total Administration Costs	\$6,811,460	\$9,016,000	\$10,602,000	\$9,472,000	\$9,231,000

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 3 temporary positions and one summer student.
- The Services component includes costs associated with third party and internal (MND REDB) due diligence services, LRC Business Solutions Services for ICT needs, and MND 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 2023-24 through 2025-26.

(Figures are reported in 000's of dollars)

<i>For the fiscal year</i>	2021-22 Actual	2022-23 Forecast	2023-24 Projected	2024-25 Projected	2025-26 Projected
Revenue					
Province of Ontario Grant	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Interest on cash and cash equivalents	736	1,500	1,500	1,500	1,500
Interest on loans receivable	1,312	1,000	1,000	1,100	1,200
Recoveries	3,567	1,500	-	-	-
Total Revenue	\$105,615	\$104,000	\$102,500	\$102,600	\$102,700
Expenses					
Grants	\$90,183	\$90,000	\$95,995	\$101,189	\$97,273
Credit losses	183	3,200	2,900	3,100	3,200
Administration – see schedule	6,811	9,016	10,602	9,472	9,231
Total Expenses	\$97,177	\$102,216	\$109,497	\$113,761	\$109,704
Annual Deficit	\$8,438	\$1,784	\$(6,997)	\$(11,161)	\$7,004

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.
- NOHFC's annual allocation will remain at \$100M through to 2025-26 as per the Ontario Budget.

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 completed the procurement November 1, 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 (REDB)

Within the Northern Development Division of MND, 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, stakeholders, and partners 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 MND. The MOU includes that MND will arrange for the provision of services and support from MND 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 MND 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 MND. 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. MND 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.

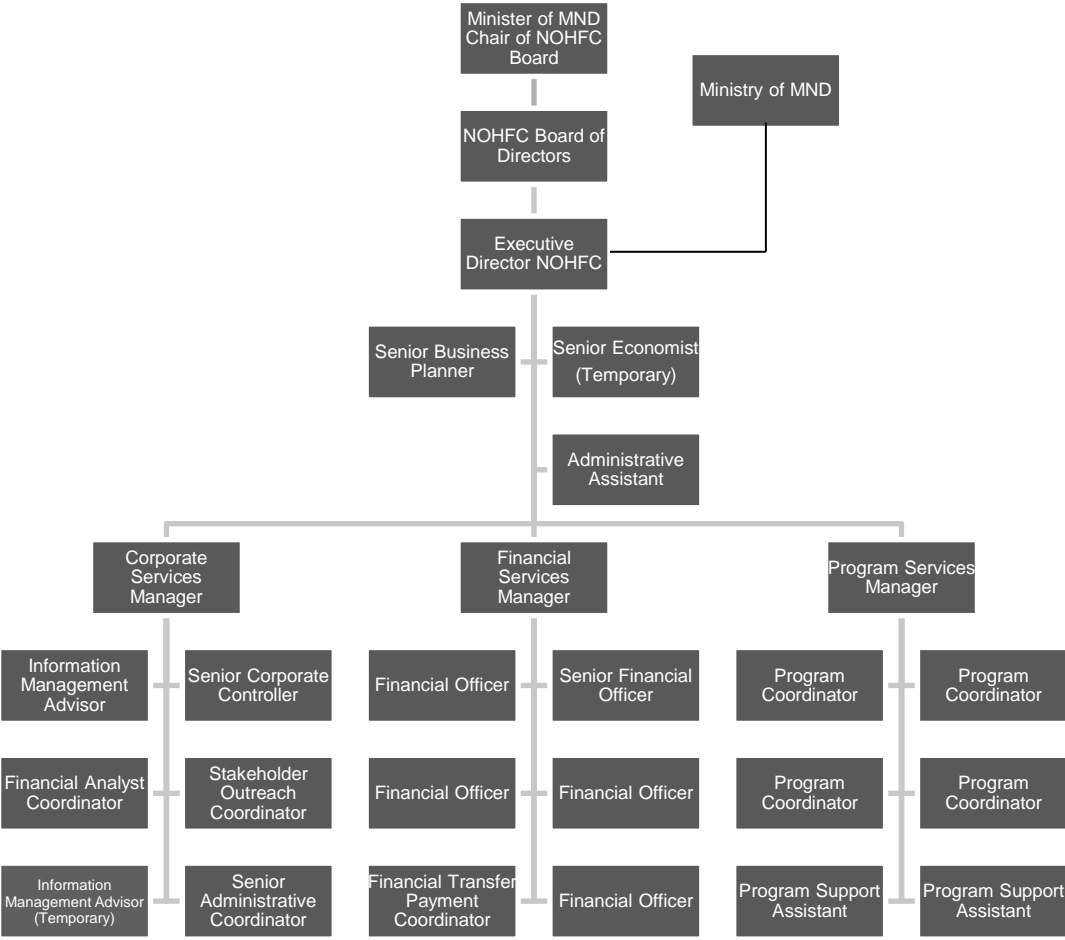
In the OPS, OPSEU is divided into two bargaining units – the Unified unit and the Correctional unit. Dispute Resolution for the Unified unit is by strike or lockout, with no disruption of essential services and Interest Arbitration for the Correctional unit.

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 Structure⁴⁴



⁴⁴ As of December 8, 2021

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 MND'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 MND. NOHFC's risk management framework provides a platform for managing risk through several key risk areas, including:

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

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