

Results-based Plan Briefing Book 2011-12

**Ministry of Northern Development,
Mines and Forestry**

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PUBLISHED RESULTS-BASED PLAN 2011-12

MINISTRY VISION

A Northern Ontario economy and provincial minerals and forestry sectors that are healthy, competitive and sustainable.

MISSION STATEMENT

As the lead ministry for the North, the Ministry of Northern Development, Mines and Forestry works to make Northern Ontario and the provincial minerals and forestry sectors strong, healthy and prosperous.

MINISTRY OVERVIEW

As the regional ministry for Northern Ontario and the ministry responsible for the provincial mineral and forestry sectors, the Ministry of Northern Development, Mines and Forestry (MNDMF) strives to make Northern Ontario and the provincial mineral and forestry sectors strong, healthy and prosperous. By providing a northern perspective, the ministry supports provincial initiatives in the North and addresses unique regional circumstances.

The ministry leads and coordinates government programs aimed at growing the Northern Ontario economy, building strong northern communities and creating job opportunities in the North. Through a network of offices and strategic program and policy development, the ministry ensures northerners have access to government programs and services and a voice in government decisions affecting the North. The ministry is also co-leading the implementation of the government's Growth Plan for Northern Ontario, 2011, a long-term strategy to support sustainable economic and population growth in the North.

As the sectoral ministry for the provincial minerals sector, the ministry supports a strong, sustainable mineral industry by promoting investment and exploration, by providing information to global clients on Ontario's wealth of mineral resources and through the fair, effective and efficient administration of Ontario's *Mining Act*. The Ministry is also the provincial authority in the delivery of geoscience information for all regions of the province, fosters collaboration and consultation with Aboriginal communities, administers Ontario's diamond royalty and ensures safe, environmentally sound mineral development and rehabilitation of mining lands.

In its capacity as the sectoral ministry for the provincial forestry sector, the ministry provides leadership on revitalization and transformation initiatives and acts as an advocate for business and economic functions within the forest industry. This leadership includes responsibilities for industrial strategies, competitiveness measures and international trade affecting Ontario's forest products industry.

The ministry fosters a competitive business environment and supports economic and community development in Northern Ontario. Economic development professionals specializing in forest products, mining, business and industry, biotechnology, manufacturing, telecommunications, e-business, transportation, energy, agriculture, tourism, and trade and investment marketing help municipalities, First Nations and businesses attract investment, pursue business opportunities, diversify local economies and build stronger northern communities.

The Northern Ontario Heritage Fund Corporation (NOHFC), which is chaired by the Minister of Northern Development, Mines and Forestry, provides critical financial assistance to support business development, entrepreneurs, infrastructure investment, and job creation in Northern Ontario communities.

The ministry coordinates essential provincial investment in the North's transportation, telecommunications and public infrastructure through the Ontario Northland Transportation Commission (ONTC) and the Owen Sound Transportation Company (OSTC). It helps to sustain communities in Northern Ontario by strategic planning of and investments in infrastructure. Its Northern Transportation Program works with other ministries and First Nation communities to expand and maintain the northern provincial highways system, roads in unincorporated areas, resource access roads and winter roads.

To enhance mineral sector competitiveness, the ministry manages Ontario's mining lands, markets investment opportunities and supports mineral development. It administers the Ontario *Mining Act* to ensure fair access to Crown mineral rights and equitable management of mining lands.

The Ontario Geological Survey (OGS), which delivers a province-wide mandate through its Sudbury headquarters, is the provincial authority on Ontario's geological foundation and provides geoscience information and services that foster a vibrant mineral sector and helps Ontario maintain its standing as a world geoscience leader. Service delivery is supported through nine regional geoscience offices that provide access to information about Ontario's geoscience and mineral resource assets.

It also provides strategic geoscience baseline information required to identify Ontario's groundwater aquifers, potential for non-renewable energy and sources of quality construction mineral resources, and to support the government's groundwater protection priorities. This geoscience program also facilitates Aboriginal engagement and informed land-use planning decisions, which lead to sustainable community development.

The Mineral Development and Rehabilitation of Mining Lands Program works with partner ministries and federal departments to promote safe, sound and sustainable use of Ontario's mining lands.

In 2010-11, the ministry established a Ring of Fire Secretariat to work and consult with Aboriginal Peoples, northern Ontarians and the mining industry to encourage responsible and sustainable economic development in the “Ring of Fire” region. The Ring of Fire initiative refers to one of the most promising development opportunities in northern Ontario in perhaps a century. Located in Ontario’s Far North, current estimates from one of the companies exploring in the area suggest the potential for decades of chromite production, as well as significant production of nickel, copper and platinum.

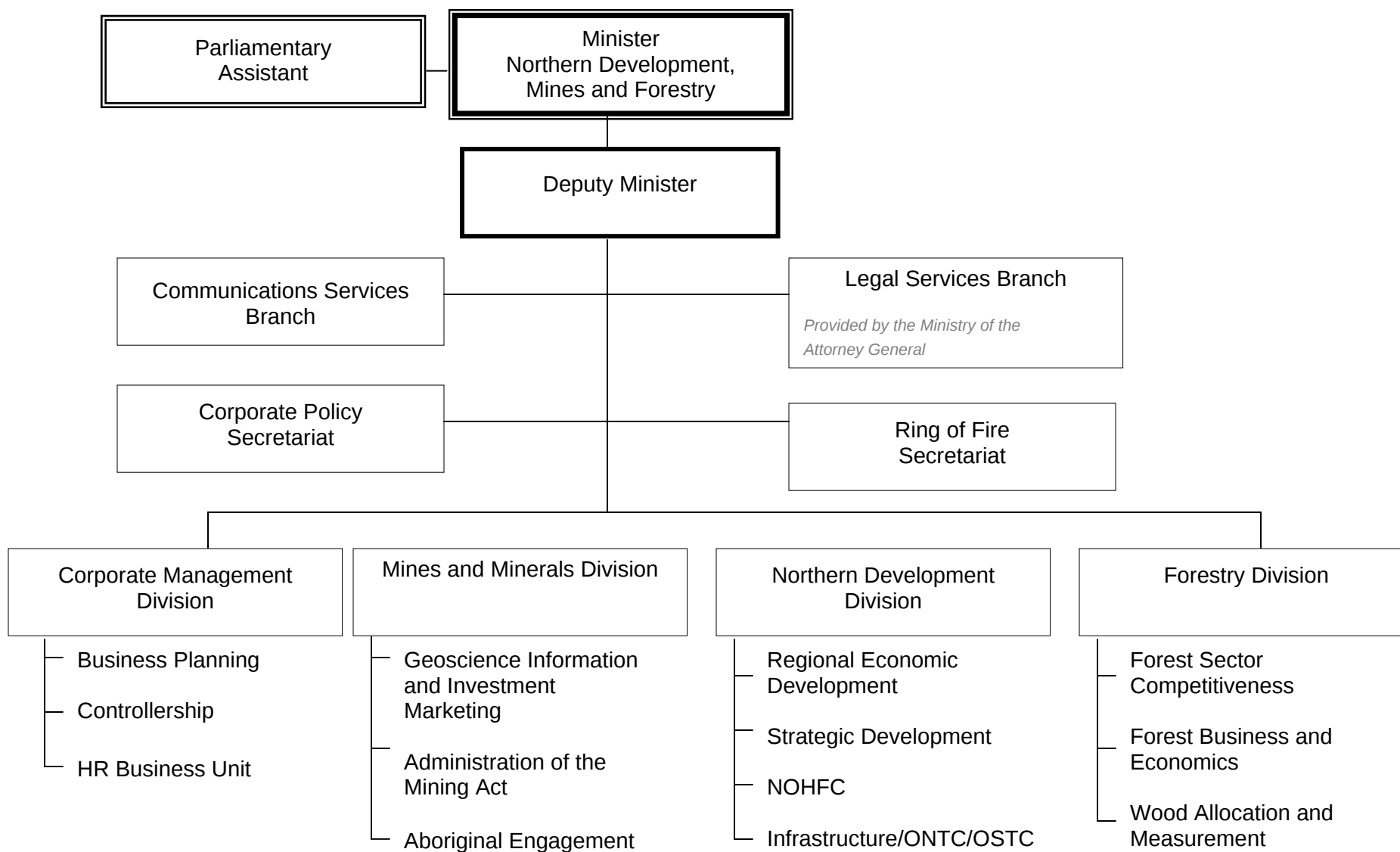
The ministry will also continue to promote a long-term economically viable and environmentally sustainable Ontario forest industry. Efforts to respond to unprecedented challenges faced by the forest industry, associated social and economic impacts, and enhancing the competitiveness of Ontario’s forest industry sector will continue to be prominent in 2011-12.

The ministry is developing three key items to support growth in the Ontario forest sector:

- The Wood Supply Competition is a short-term strategy to make unused wood available to existing and new facilities. The new facilities are expected to include green energy solutions and value-added products;
- A framework for implementation to improve the design of Ontario’s Crown forest tenure and pricing system so as to promote effective use of Crown resources and support communities in northern and rural Ontario. This is a long-term solution supporting sustainable forest management entities.
- A Forest Sector Competitiveness Strategy will guide government in making short and long-term decisions that will promote and enhance the competitiveness of Ontario’s forest sector.

MNDMF 2011-12 Strategic Priorities:

Government Priorities	Creating Jobs and Prosperity		Building Stronger Communities		Improving Quality of Life	
Ministry Priorities	Make Northern Ontario strong, healthy and prosperous.		Provide Northerners with access to government programs and services.		Generate new wealth and benefits by supporting Ontario's mineral exploration, mining, geoscience and forestry sectors.	
					Promote a strong, safe and sustainable minerals industry by generating valuable geological information and by fair and consistent administration of Ontario's Mining Act.	
Areas of Focus					Promote the forest industry through policy development to support effective industry competitiveness and investment in Ontario.	
	Strengthening the Northern Economy		Investing in Northern Infrastructure		Forest Sector Competitiveness	
					Mineral Sector Competitiveness	

ORGANIZATION CHART

PUBLISHED RESULTS-BASED PLAN 2011-12

The Ministry of Northern Development, Mines and Forestry carries out its mandate under four activities or categories: Ministry Administration, Northern Economic Development, Mines and Minerals, and Forestry.

Activity: Ministry Administration

Ministry Administration provides executive direction as well as strategic business and resource planning services to ensure the efficient and effective delivery of ministry programs. It supports ministry operations through the provision of advice and services in the areas of human resources, financial planning, accounting and administration, and professional support services such as legal and audit services. It also provides core strategic support in the areas of corporate policy and communications.

Activity: Northern Economic Development

Through this activity, the ministry leads and coordinates government programs aimed at growing the Northern Ontario economy, building strong northern communities and creating job opportunities in the North. The ministry also plays a key role in fulfilling the government's commitments for strategic initiatives that could impact the North.

Under the banner of Northern Economic Development, the ministry delivers the following sub-activities.

- Regional Economic Development
- Strategic Development
- Northern Ontario Heritage Fund Corporation
- Ontario Northland Transportation Commission and Owen Sound Transportation Company.

Regional Economic Development

A network of six integrated area teams (Sudbury, Thunder Bay, Sault Ste. Marie, Timmins, North Bay, and Kenora), with offices in 26 communities across the North, act as the focal point for the delivery of programs and services in the key economic sectors of the North. They work with communities and private sector clients to help them identify and facilitate economic development opportunities and develop proposals. This integrated approach allows the ministry to effectively support economic development initiatives in the North by providing a wide range of products and services in a more focused approach to client service delivery. Regional Economic Development staff also meet with Aboriginal communities and groups to promote programs and assist with the preparation of business plans for proposed projects.

Strategic Development

The ministry supports strategic development efforts in Northern Ontario, including marketing Northern Ontario's strengths and opportunities to the world, undertaking research and analysis, and supporting strategic investments in infrastructure through programs such as the Northern Highways Program, Local Roads Boards and Winter Roads. In addition, the ministry is exploring potential growth opportunities in a number of emerging strategic sectors including bio-economy, advanced manufacturing, ICT and business support services, and value-added opportunities in forestry and mining. The ministry will also continue to work with partner ministries to increase public and private investment in the North's transportation, telecommunications, and community infrastructure, and secure partnerships with the federal government.

Strategic Development also supports other key initiatives:

Northern Industrial Electricity Rate (NIER) Program

The NIER program is a three-year initiative that began in 2010 to help large industries in Northern Ontario improve their energy efficiency and sustainability. The program will help northern industries build and maintain a globally competitive advantage and, in turn, help protect and create jobs.

Trade, Investment and Strategic Sectors

By focusing on strategic sectors that have the best opportunity to attract foreign direct investment and help Northern Ontario businesses grow and create employment, the ministry proactively identifies and promotes the benefits of growing businesses and/or establishing their businesses in Northern Ontario.

Northern Ontario's strengths are matched with Canadian and international opportunities to help deliver economic prosperity to Northern Ontario.

Growth Plan for Northern Ontario

The ministry is co-leading implementation of the Growth Plan for Northern Ontario, 2011, a 25-year plan released on March 4, 2011 to guide decision-making and investment planning in Northern Ontario.

The Growth Plan for Northern Ontario, 2011 was developed under the *Places to Grow Act, 2005*, and is the product of extensive engagement with northerners. It is based on input of more than 1400 northerners who participated in a review of the Proposed Growth Plan for Northern Ontario released in October 2009. More than 300 written submissions also informed the Plan's development.

The plan will focus decisions that build an economy that is resilient and sustainable and leverages the strengths and human potential of northerners by providing them

with more education and career opportunities. The Plan aims to strengthen the economy of the North by:

- diversifying the region's traditional resource-based industries;
- stimulating new investment and entrepreneurship;
- providing more education, training and career opportunities; and
- nurturing new and emerging sectors with high growth potential.

In 2011-12, the ministry will continue to work with partner ministries, other orders of government, northern municipalities and associations, Aboriginal communities and organizations, Francophone organizations, business and industry, the research and education sectors and other non-government organizations to advance the Growth Plan's implementation.

This will include several key initiatives:

- Formation of a Northern Policy Institute including a \$5 million investment by the Northern Ontario Heritage Fund;
- Development of a Northern Ontario Multimodal Transportation Strategy led by the Ministry of Transportation and supported by a \$2.2 million investment by the Northern Ontario Heritage Fund; and
- Organization of two regional economic summits to inform the development of two regional economic planning area pilots. One pilot in northwestern Ontario will be anchored by the City of Thunder Bay. A second pilot in northeastern Ontario will be anchored by the City of Greater Sudbury.

Northern Ontario Heritage Fund

Through its programs, the Northern Ontario Heritage Fund Corporation (NOHFC) is working with northern entrepreneurs, companies and business organizations to address northern priorities, while continuing to support vital infrastructure and community development projects that enhance quality of life and stimulate economic activity. Efforts will continue under the NOHFC's programs to make strategic investments that stimulate private sector job creation, assist business start-ups, provide development opportunities for northern youth, support energy conservation and power generation initiatives, and assist innovation and emerging technologies that will grow the northern economy.

Ontario Northland Transportation Commission and Owen Sound Transportation Company

The Ontario Northland Transportation Commission (ONTC) and Owen Sound Transportation Company (OSTC) are agencies of the province reporting to the Ministry of Northern Development, Mines and Forestry. Each receives annual operating and capital subsidies that support the delivery of price-competitive transportation and telecommunications services that are safe, reliable and responsive to customers, residents and businesses.

Activity: Mines and Minerals

The ministry supports a strong and sustainable mineral industry by promoting investment and exploration, providing information to global clients on Ontario's wealth of mineral resources, and through the fair, effective and efficient administration of Ontario's Mining Act. There are three sub-activities:

- Geoscience Information and Investment Marketing;
- Administration of the Mining Act; and
- Aboriginal Engagement.

Geoscience Information and Investment Marketing

Key elements of this sub-activity are the collection and dissemination of geoscience information to attract and guide mineral sector investment, as well as inform a broad range of government policy priorities.

Geoscience Information

This area provides foundational geoscience information that forms the framework for assessing Ontario's mineral potential - a key element in guiding private sector investment decisions. Services include province-wide geological mapping, online 24-7 access to geoscience information and expert geological advisory services across the province. Geoscience expertise also supports other government priorities, such as groundwater aquifer mapping as part of drinking water protection efforts, and identifying new industrial and energy development opportunities.

Investment Marketing

Investment Marketing is focused on mineral sector marketing and investment attraction. Key elements include: domestic and international marketing of investment opportunities, and expert geological advisory services in field offices across the province that help to create networks and foster collaboration between the government, mineral industry stakeholders and Aboriginal communities and economic development sectors.

Specific emphasis has been placed on Ontario's emerging diamond sector in developing value-added opportunities and administering Ontario's diamond royalty to create a competitive advantage for Ontario.

Building International Collaborative Partnerships

In July 2010, MNMDF and the Ministry of Mines, Republic of India signed a mining-related Memorandum of Understanding (MOU). The MOU promotes collaboration between the two jurisdictions in exploration, geoscience information, mineral processing, research and development, professional development and training,

increased export of mining-related equipment and supplies, and increased inbound and outbound investment.

Administration of the Mining Act

This program area administers the Ontario *Mining Act* to ensure sustainable and responsible development of Ontario's mineral resources. This involves ensuring equitable public access to Crown mineral rights, fair and efficient management of Ontario's mining lands, and ensuring safe, environmentally-sound mineral development and rehabilitation of mining lands.

As part of this mandate, the Ministry has launched an initiative to modernize the *Mining Act* to ensure that mineral development in Ontario is undertaken in a manner that promotes balanced development that benefits all Ontarians, while modernizing the way mining companies stake and explore their claims to be more respectful of private landowners and Aboriginal communities.

Rehabilitation of Crown Sites

The Abandoned Mines Rehabilitation Program invests in the rehabilitation of abandoned mine sites on Crown-held lands to ensure public safety, improve the environment and make these lands available for productive use. Key priorities are to reduce the Crown's liability on these sites, enhance public safety and environmental protection.

Aboriginal Engagement

Aboriginal Engagement focuses on establishing and maintaining key Aboriginal and community relationships, provision of advisory services to assist communities in accessing ministry staff, resources and programs for mineral development and northern economic development assistance. Program staff work with Aboriginal communities to meet duty to consult obligations ensuring that activities occur in a manner that is consistent with the Crown's obligation concerning Aboriginal and treaty rights.

Activity: Forestry

The Ministry seeks to ensure a healthy, viable forest industry in Ontario, and fosters a competitive business environment by promoting jobs and investment in the forestry sector through activities such as the Wood Supply Competition, Forest Tenure and Pricing System Reform and the implementation of a new Forest Sector Competitiveness Strategy. The Ministry is responding to several challenges currently facing the forest industry such as bankruptcies, changing global markets, increasing competition, the

softwood lumber trade dispute, escalating costs and a high Canadian dollar. This area has the following sub-activities:

- Forest Sector Competitiveness
- Industry Relations:
 - Forest Business and Economics
 - Wood Allocation and Measurement.

Forest Sector Competitiveness

The Forest Sector Competitiveness Secretariat administers several capital assistance programs, including the Forest Sector Prosperity Fund and Loan Guarantee Program to assist in making the forest industry more viable and sustainable. It also administers the Wood Promotions program to promote and enhance the value-added manufacturing business within the industry.

Industry Relations

Forest Business and Economics

Through this program area, the Ministry provides leadership and expertise for the development of pricing methodology for forest resources (trees) harvested from Crown lands; matters related to trade; analysis of business plans, proposals, and agreements; promotion of the forest industry, wood product research and value-added manufacturing of wood products; and socio-economic analysis support for forest management planning and forest policy development.

Wood Allocation and Measurement

This program area provides expertise and direction to forest industry clients and ministry staff related to harvest licensing, Crown revenue, wood supply allocation, mill licensing and wood measurement (timber scaling and scaler certification/training). It is also responsible for implementing the Road Construction and Maintenance Program which shares the costs with the forest industry for work on multi-use forest access roads on Crown lands.

Performance Measures for Ministry of Northern Development, Mines and Forestry

Activity - Northern Economic Development		
Sub-activity	Performance Measure	Statement of Result
Northern Ontario Heritage Fund Corporation (NOHFC)	Investment dollars leveraged from other partners	The target ratio of investment dollars leveraged from other partners is 1:3 leveraged dollars in 2011-12.
	Number of full-time jobs that are being created or sustained	NOHFC funding is expecting to help create or retain 3,500 full time jobs in 2011-12.
Activity – Mines and Minerals		
Sub-activity	Performance Measure	Statement of Result
Geoscience Exploration and Investment	Ontario's ranking in Canada for new investment in exploration and mining	Ontario is expected to maintain its standing as the leading jurisdiction in Canada for new investment in mining and exploration.
	Geoscience data and information required to support Far North land-use decisions	Collection of new, 1 st generation, regional framework geological data will be at least 100,000 km ² to inform land-use planning decisions for Ontario's Far North.
Activity – Forestry		
Sub-activity	Performance Measure	Statement of Result
Industry Relations	Crown timber harvest rate of recovery	Recovery of provincial Crown timber harvest volume is targeted to average 10% per year over the next three years.

STATUTES ADMINISTERED

Crown Forest Sustainability Act, 1994

This Act governs the stewardship and management of Ontario's Crown forests, as well as the allocation and pricing of Crown forest resources. The Ministry of Northern Development, Mines and Forestry is responsible for the powers, duties, functions and responsibilities under the Act that relate to the forest industry, including the allocation of Crown forest resources through licensing and agreements, the measurement of Crown forest resources and the pricing of Crown forest resources.

The Ministry of Natural Resources administers the Act as a whole, and is responsible for carrying forward amendments to the Act. The Ministry of Natural Resources is also responsible for those sections of the Act relating to sustainable forest management and stewardship of the forest.

Forestry Workers Lien for Wages Act

This Act provides a lien and an enforcement procedure for forestry workers to ensure payment of wages.

Mining Act

This Act provides for the regulation of mineral exploration and development activities in Ontario. The purpose of this Act is to encourage prospecting, staking and exploration for the development of mineral resources in a socially responsible manner and to minimize adverse effects on the environment through rehabilitation of mining lands in Ontario.

Ministry of Northern Development, Mines and Forestry Act

This Act establishes the Ministry of Northern Development, Mines and Forestry. It recognizes the different conditions and special needs existing in Northern Ontario and the desire of northern residents to have a stronger voice in government. The Act defines the ministry's function to coordinate government activities and initiate policies and programs for the government in Northern Ontario and on behalf of the minerals and forestry industries.

Northern Ontario Grow Bonds Corporation Act, 2004

This Act establishes the Grow Bonds Corporation with the objectives of fostering business development in Northern Ontario, by issuing bonds to raise funds to be used to provide loans/debt financing to eligible businesses in Northern Ontario.

Northern Ontario Heritage Fund Act

This Act establishes a corporation to promote economic development and diversification in Northern Ontario, through the use of funds provided for that purpose. The Northern Ontario Heritage Fund Corporation operates as an Operational Service Agency of the province.

Northern Services Boards Act

This Act, passed in 1999, replaces the former *Local Services Boards Act*. The Act provides choice and flexibility to northern residents in the establishment of service delivery mechanisms that recognize the unique circumstances of Northern Ontario and allow increased efficiency and accountability in area-wide service delivery.

The first part of the Act allows inhabitants of territories without municipal organization to establish legally-constituted local services boards to act on their behalf, and to raise funds for certain basic community services to improve the quality of life. The second part of the Act provides for the establishment of area service boards to consolidate delivery of six core services: child care, social assistance, public health, social housing, land ambulance service and homes for the aged as well as a variety of optional services. An area services board would have taxation authority in the board area to recover service costs.

Ontario Northland Transportation Commission Act

This Act established the Ontario Northland Transportation Commission (ONTC) for the purposes of providing transportation and telecommunications services to Northern Ontario. The Ontario Northland Transportation Commission operates as an Operational Enterprise Agency of the province.

Professional Geoscientists Act, 2000

This Act established the Association of Professional Geoscientists of Ontario as the governing body for geoscientists, and empowers the association to establish standards of professional practice for persons who wish to be recognized as professional geoscientists.

AGENCIES, BOARDS AND COMMISSIONS

Northern Ontario Grow Bonds Corporation

The Northern Ontario Grow Bonds Corporation is an Operational Enterprise Agency of the province. The Corporation, in cooperation with the Ontario Financing Authority, issued provincially guaranteed bonds to northern residents. Proceeds from the sale of bonds were used to provide loans to northern businesses that invest in capital projects, which result in the creation of new jobs in the North. The Corporation is currently winding up its operations; it is anticipated that it will be dissolved early in 2012-13.

Northern Ontario Heritage Fund Corporation

The Northern Ontario Heritage Fund Corporation is an Operational Service Agency of the province. It was established in 1988 to advise and make recommendations on any matter relating to the growth and diversification of the economy of Northern Ontario, and to promote and stimulate economic initiatives.

Ontario Northland Transportation Commission

The Ontario Northland Transportation Commission is an Operational Enterprise Agency of the province providing transportation and telecommunication services in Northern Ontario. Its activities include rail freight and passenger services, telecommunications, bus operations, and marine operations.

Owen Sound Transportation Company, Limited

The Owen Sound Transportation Company, Limited (OSTC) is an Operational Enterprise Agency of the province delivering marine (vehicle and passenger) services from Tobermory to South Baymouth aboard the M.S. Chi-Cheemaun. The OSTC also operates the Pelee Island ferry year-round by contract with the Ministry of Transportation.

TRANSFER PAYMENTS TO AGENCIES

2011-12 Estimates \$	Agency	2010-11 <u>Estimates</u> \$	2010-11 <u>Interim Actuals</u> \$	2009-10 <u>Actuals</u> \$
34,500,000 65,500,000	Northern Ontario Heritage Fund Corporation - Operating - Capital	34,500,000 55,500,000	34,500,000 55,500,000	34,500,000 45,500,000
32,100,000 21,625,000	Ontario Northland Transportation Commission - Operating - Capital	21,200,000 21,625,000	37,500,000 23,125,000	28,000,000 24,599,268
800,000 2,047,000	The Owen Sound Transportation Company, Limited - Operating - Capital	800,000 1,280,000	800,000 1,470,000	600,000 799,650

MINISTRY FINANCIAL INFORMATION

Table 1: Ministry Planned Expenditures 2011-12

	Ministry Planned Expenditures (\$M) 2011/12
Operating	518.6
Capital	313.8
Total	832.4

Table 2: Ministry Planned Expenditures by Program Name 2011-12

Program/Activity Name	Ministry Planned Expenditures (\$M)
Ministry Administration	12.2
Northern Development Program	560.2
Mines and Minerals Program	53.9
Forestry	102.8
Net Consolidations	103.3
Total	832.4