

Results-based Plan Briefing Book 2007-08

Ministry of Northern Development and Mines

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PART 1 - PUBLISHED RESULTS-BASED PLAN 2007/08

PART 1: PUBLISHED RESULTS-BASED PLAN 2007/08

MINISTRY OVERVIEW

The Ontario government has a plan to strengthen the province by strengthening its people. In addition to achieving “Success for Students” and “Better Health”, the government’s other key priority is “Jobs and Prosperity”.

Through its Northern Prosperity Plan (Figure 1) the Ministry of Northern Development and Mines works to make Northern Ontario and the provincial minerals sector, strong, healthy and prosperous. It provides northerners with access to government programs and services, and promotes a healthy business climate that encourages competitiveness and investment in Ontario.

It ensures northern input in the development of government policies and programs. By providing a northern perspective, the ministry supports provincial initiatives in the North and addresses unique northern circumstances. Its 32 Northern Development Offices and 31 Government Information Centres (GICs) provide pan-northern access to programs and services, and deliver numerous programs and services with, and on behalf of, partner ministries.

Economic development professionals specializing in forest products, mining, business and industry, biotechnology, manufacturing, telecommunications, 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 and Mines, provides critical financial assistance to support business development, young entrepreneurs, capital and infrastructure investment, and job creation in Northern Ontario communities.

The ministry co-ordinates 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). Its Northern Transportation Program works with other ministries and First Nation communities to expand and maintain the northern highways system, roads in unincorporated areas, resource access roads and winter roads.

To enhance mineral sector competitiveness, the ministry manages Ontario's mining lands, attracts investment 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 and 10 regional Resident Geologist offices, provides geoscience information and services that foster a vibrant mineral sector and help Ontario maintain its standing as a world geoscience leader.

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 information also facilitates informed land-use planning decisions, which lead to sustainable community development.

The ministry's 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.

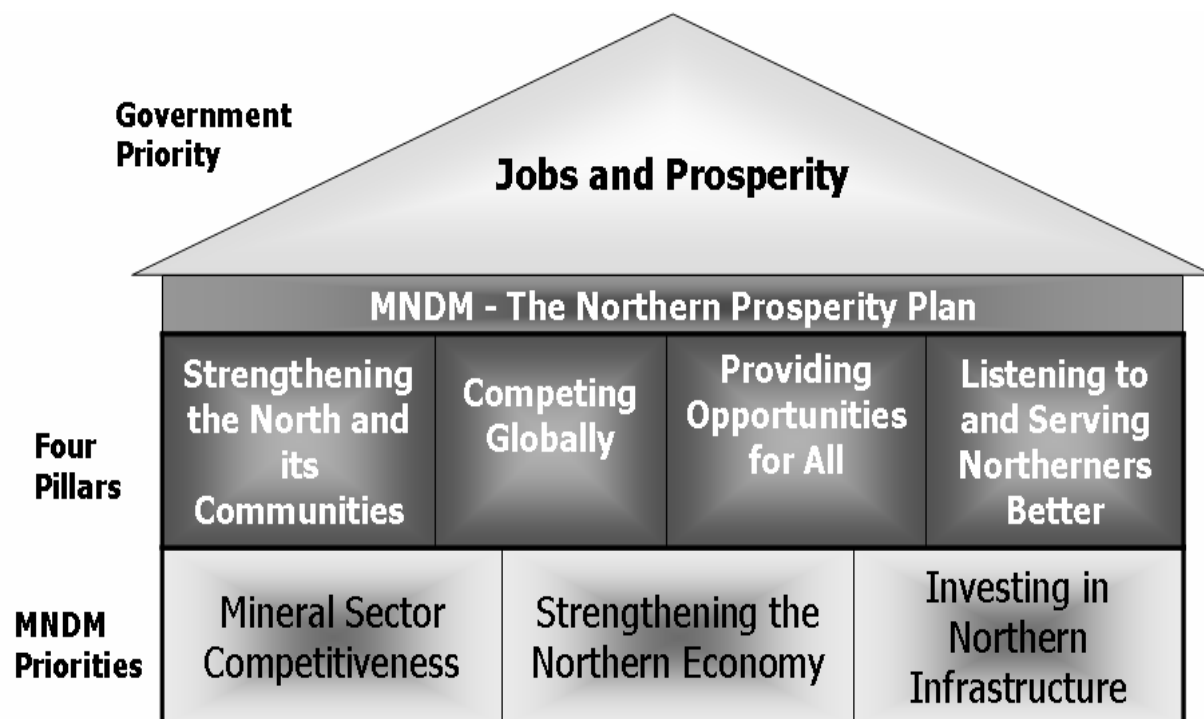
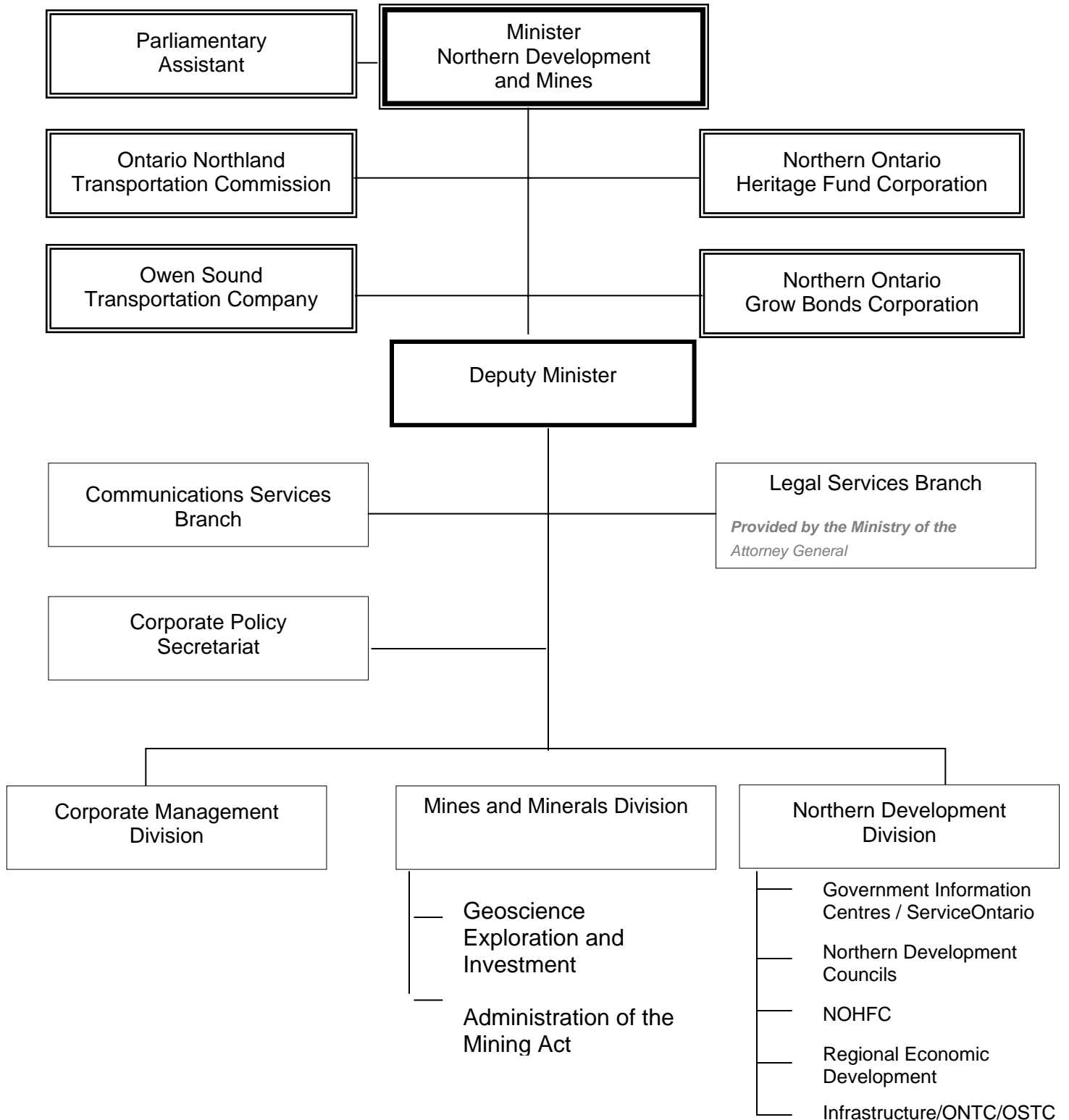


Figure 1: MNDM 2007/08 Strategic Priorities

ORGANIZATION CHART



PUBLISHED RESULTS-BASED PLAN 2007/08

The Ministry of Northern Development and Mines strives to make Northern Ontario and the provincial minerals sector strong, healthy and prosperous. It carries out its mandate under two main activities or categories: Northern Economic Development, and Ontario Mines and Minerals.

Activity: Northern Economic Development

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 say in government decisions affecting the North. Under the banner of Northern Economic Development, the ministry delivers five sub-activities.

ServiceOntario/Government Information Centres

As part of its commitment to integrated delivery of government services, the ministry completed the New Liskeard ServiceOntario Counter project and began construction on the Sudbury project which will enhance the way customers access the information, services and resources they need. The plan for this year is to complete the Sudbury and Cochrane Counter projects and initiate additional projects in Northern Ontario. The ministry hopes to continue developing the *GO to the First Nations* Library and Band Office Project, and add new services to existing ServiceOntario sites.

Northern Development Councils (NDCs)

To listen to and serve northerners better, four Northern Development Councils (NDCs) were established to represent the Far North, Northeast, Northwest and major cities (Greater Sudbury, Thunder Bay, Sault Ste. Marie, North Bay and Timmins). NDCs enhance citizen engagement and help northerners have a direct say in provincial decisions that affect the North. In 2006/07, the NDCs completed their first extensive public dialogue and submitted recommendations on how to create opportunities for youth in Northern Ontario. In 2007/08, the NDCs will complete a second dialogue and develop recommendations on how to grow and strengthen northern business. The NDCs will continue to provide valuable input on government programs and priorities for the North.

Northern Ontario Heritage Fund

Since October 2003, the Northern Ontario Heritage Fund's (NOHFC) six programs and over \$224M in investments have created or sustained 7800 jobs and leveraged \$3 for each dollar invested. The refocused 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. Early in 2007, some programs were refined to enhance their effectiveness. Efforts will continue under the 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.

Regional Economic Development

The focus of this activity is to foster northern prosperity and strong northern communities. This involves delivering a number of key initiatives under the Northern Prosperity Plan including NOHFC programs, the Northern Ontario Grow Bonds Pilot Program, and the GO North Investor Program. The ministry coordinates provincial economic development initiatives in the North, supports strategic investments in infrastructure through programs such as the Northern Highways Program, and markets Northern Ontario's strengths and opportunities to the world. In addition, the ministry is exploring potential growth opportunities in a number of emerging strategic sectors including bio-economy, telecommunications, alternative energy, and value-added opportunities in forestry and mining.

The ministry will continue to work with the Ministries of Public Infrastructure Renewal and Transportation to deliver the Northern Highways Program and the Highway 69 Action Plan. It will also pursue discussions with the federal government to increase its investment in the ministry's winter roads program.

Ontario Northland Transportation Commission

The Ontario Northland Transportation Commission (ONTC) and Owen Sound Transportation Company (OSTC) are Operational Enterprise Agencies of the province reporting to the Ministry of Northern Development and Mines. Each receives annual operating subsidies that support the delivery of price-competitive transportation and telecommunications services that are safe, reliable and responsive to customers, residents and businesses in Northeastern Ontario. The ministry will work with the ONTC as it continues to implement operating efficiencies to support its sustainability, and improve service delivery. As well, the ONTC is expected to confirm federal funding

for the construction of a new ferry vessel for Moosonee and the subsequent transfer of the operation to local interests in spring 2008. The ONTC is also expected to increase its customer satisfaction and ridership on all its passenger services and to increase its operating margins in all its commercial activities for reinvestment. In 2007/08 the Ontario government will invest \$3.6 million to improve rail services in the North, including enhanced passenger and freight services to James Bay.

Activity: Ontario Mines and Minerals

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. There are two key sub-activities.

Geoscience Exploration and Investment

The Ontario Geological Survey (OGS) provides geoscience information and services that support Ontario's mineral sector, which in 2006 generated over \$9 billion in production. The OGS maps geological information and publishes earth science data in multiple formats, including making it available online. This data is used to: attract mineral exploration investment; assist with land-use planning; assess non-renewable energy potential; and to help with groundwater mapping.

The OGS works at the community-level with First Nations on relationship-building, training and educational initiatives. In 2007-08 the OGS will continue to make progress on the Far North Geological Mapping Initiative in collaboration with First Nation communities and investors. The OGS will also continue to promote Ontario's mineral investment potential to the world.

Administration of the Mining Act

The ministry's Mineral Development and Lands Branch administers the Ontario Mining Act that regulates mineral exploration and development in Ontario. This activity provides equitable management of Ontario's mining lands, ensuring fair public access to Crown mineral rights. In 2007-08, the ministry will propose enhancements to the Mining Act and its regulations to lessen unnecessary administrative duplication and costs to the mineral exploration industry, and continue implementation of Ontario's Mineral Development Strategy, which provides the foundation for sustainable management and stewardship of mineral resources.

Performance Measures for Ministry of Northern Development and Mines

| Activity - Northern Economic Development | | |
|--|--|---|
| Sub-activity | Performance Measure | Statement of Result |
| Government Information Centres (GICs) | Percentage of customers satisfied | The percentage of customers satisfied is expected to remain at 90% from 2005-06 to 2009-10. |
| Northern Ontario Heritage Fund Corporation (NOHFC) | Investment dollars leveraged from other partners | The target ratio of investment dollars leveraged from other partners is 1:2 from 2005-06 through until 2009-10. |
| | Number of full-time jobs that are planned to be created/sustained | NOHFC is expecting to create 2,250 full time jobs by year end of 2007-08, with a target of 750 jobs each year from 2005-06 through 2009-10. |
| Go North | Number of full-time jobs to be created | The number of full-time jobs to be created is expected to increase in the first year of the program from 100 in 2005-06, to 200 - 500 in 2006-07 to a total of 300 - 1,500 by 2007-08. |
| Northern Highway Rehabilitation | Percentage of northern highways and bridges in good condition | Ensure an efficient and effective transportation system – target 50% and 56% respectively of northern highways and bridges in good condition. |
| Activity - Ontario Mines and Minerals | | |
| Sub-activity | Performance Measure | Statement of Result |
| Geoscience Exploration and Investment | Investment influenced by ministry geoscience resources/expertise | The percentage of stakeholders whose decision to invest in mineral exploration in Ontario in the past year was influenced by OGS geoscience products or services will exceed 80% in 2007-08. |
| | Percentage of Ontario's share of Canadian exploration and mining investment. | Total exploration, deposit appraisal and mine development invested is forecast to reach \$570M in 2004-05, which would increase Ontario's share of Canadian exploration and mining investment from 25% to 27% by 2007-08. |
| | Increasing the dollar value of new investment in Ontario's exploration and mining industries | From a starting point of \$1.1 B in 2005/06, the target for 2007/08 is \$1.2B based on annual increase of 5%. |
| | Percentage of Abandoned Mines Rehabilitation Program funding used for remediation work | Participate in the creation of stronger, safer communities through the Abandoned Mines Fund – target 80% of program funding for remediation work. |

STATUTES ADMINISTERED

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 and to minimize adverse effects on the environment through rehabilitation of mining lands in Ontario.

Ministry of Northern Development and Mines Act

This Act establishes the Ministry of Northern Development and Mines. 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 industry.

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 Mineral Exploration Program Act

Originally enacted in 1980, this Act provides for incentive programs to encourage mineral exploration and development in Ontario.

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.

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.

AGENCIES, BOARDS AND COMMISSIONS (ABCs)

Four agencies of the Ontario government report to the Ministry of Northern Development and Mines.

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.

The 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 Ministry of Transportation.

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 will be used to provide loans to northern businesses that invest in capital projects, which result in the creation of new jobs in the North.

Transfer Payments to Agencies

| 2007-08 Estimates \$ | Agency | 2006-07 Estimates \$ | 2006-07 Interim Actuals \$ | Accrual 2005-06 Actual \$ |
|----------------------------|--|----------------------------|----------------------------------|------------------------------------|
| 34,500,000 25,500,000 | Northern Ontario Heritage Fund Corporation* - Operating - Capital | 34,500,000 25,500,000 | 34,500,000 25,500,000 | 34,500,000 25,500,000 |
| 19,700,000 7,995,000 | Ontario Northland Transportation Commission - Operating - Capital | 16,100,000 9,322,000 | 16,100,000 7,397,000 | 16,700,000 7,666,000 |
| 1,023,000 3,24,000 | The Owen Sound Transportation Company, Limited - Operating - Capital | 1,023,000 3,224,000 | 1,023,000 3,224,000 | 949,000 6,228,645 |

*In addition to the \$60 million in transfer payments, the NOHFC also received a capital consolidation adjustment of \$15.0 million for total planned expenditures of \$75 million in 2007-08.

** There was a transfer payment to Northern Ontario Grow Bonds Corporation in the amount of \$800,000 towards their loan loss provision sinking fund for 2006/07

MINISTRY FINANCIAL INFORMATION
Table 1: Ministry Planned Expenditures 2007/08

| | Ministry Planned Expenditures (\$M) 2007/08 |
|------------------|--|
| Operating | 122.2 |
| Capital | 234.1 |

Table 2: Ministry Planned Expenditures by Program Name 2007/08

| Program/Activity Name | Ministry Planned Expenditures (\$M) |
|-------------------------------------|--|
| Ministry Administration | 10.1 |
| Northern Development Program | 302.4 |
| Mines and Minerals Program | 43.8 |
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*Does not include Capital Assets (Northern Highway investments) of \$468M