

### **Summary of Existing Programs**

A number of Government of the Northwest Territories programs currently exist which may be of assistance to diamond manufacturers. These programs are summarized below. Diamond manufacturers seeking assistance under these programs are required to submit a business plan in accordance with the outline in Schedule C plus the information, if any, identified below. This information is in addition to that normally required under the program. Applicants should contact the department responsible for the program to obtain full program details and application forms.

#### **1. Business Credit Corporation**

##### Purpose:

The Business Credit Corporation (BCC) is a territorial crown corporation established to provide financing to business enterprises in the NWT to stimulate economic development and employment in the NWT.

##### Types of Financing Provided:

Term loans, guarantees and contract security bonding, where the services are not available from an alternative financial institution.

##### Eligibility:

Funds are available to any business in the NWT, whether it is a limited company, partnership, sole proprietorship or cooperative association. The business may be new or existing.

##### Amounts and terms available:

- The maximum amount available to any one business or group of related businesses is \$1 million.
- Maximum interest term is 5 years and a maximum amortization is 25 years.
- Payment of principal may be deferred for up to 3 years in certain circumstances.
- Interest rate is set quarterly at two points above the CIBC prime rate.

##### Equity requirements:

Normally, equity of at least 10% of the requested loan amount is required from the applicant. Reduced equity may be considered in special circumstances.

Approval Process:

Diamond manufacturers should contact the Director, Diamond Projects, Department of Renewable Resources, Wildlife and Economic Development for application forms. Applications from diamond manufacturers for assistance under this program will be submitted to the Director, Diamond Projects. Upon receipt of an application, the Director of Diamond Projects will forward the application to the Diamond Review Committee for review and submission to the Financial Management Board, as outlined in the Policy Framework.

Specific Information:

The following additional information is required for diamond manufacturers seeking support under this program:

- Signed net worth statements of personal guarantors.
- Financial statements of corporate guarantors.
- Current and previous bankers for all owners (as well as private sources). Include names and contact numbers.
- Loan amortization schedule.
- Evidence of unavailability of the requested financing elsewhere, if the applicant is located in a community with a financial institution.
- Description of proposed loan security.
- Valuation of security, preferably by reference to an independent source (auctioneers, dealers, trade publications, real estate firms, etc.)
- Photographs of security and legal descriptions, serial numbers, etc.
- Leases including land, buildings and equipment leased by applicant and tenant leases.
- Details of existing assets – land, buildings, equipment, etc.

**2. Business Development Fund**Purpose:

The Business Development Fund (BDF) is a territorial contributions policy which provides contributions to businesses to stimulate employment and economic benefits.

Types of Financing Provided:

Options applicable to diamond manufacturers include:

- contributions for planning and other developmental costs - to assist businesses to meet pre-establishment or pre-expansion costs when there is a good possibility of increasing regional sales or displacing imported goods or services. Applicants may receive funding for eligible studies up to a maximum of 75% of eligible costs. Total assistance for any project shall not exceed \$20,000.
- contributions for pilot or demonstration projects - to assist businesses to establish pilot or demonstration projects to test the application of new technology in current or planned business ventures. Total assistance for any project shall not exceed \$75,000. Applicants may receive funding for eligible projects up to a maximum of:
  - (a) 80% of eligible costs for Group 1 communities;
  - (b) 90% of eligible costs for Group 2 communities; and
  - (c) 95% of eligible costs for Group 3 communities.
- contributions for business creation or expansion - to encourage the establishment and expansion of Northwest Territories businesses in cases where there is a demonstrable northern benefit. Total assistance for any project will be limited to \$25,000 per person year, unless exceptional income and employment benefits are proposed and with the Minister's concurrence, to a maximum of \$250,000. Contributions towards eligible costs shall normally not exceed:
  - (a) 30% for Group 1 communities;
  - (b) 50% for Group 2 communities; and
  - (c) 70% for Group 3 communities.
- contributions for venture capital - to expand the Northwest Territories entrepreneurial base and to encourage private sector investment in less developed communities and regions. Total contributions will be limited to 30% of the total venture capital project investment to a maximum of \$150,000 and a minimum of \$15,000.
- contributions for market development and product promotion - to assist businesses to generate sales of Northwest Territories products in new markets or develop markets for new products. The Program may also assist in the marketing of existing tourism, arts and crafts and renewable resource products. Total assistance for any project shall not exceed \$15,000 per year to a maximum of \$45,000 over three years. Applicants may normally receive funding for projects up to a maximum of:

- (a) 30% of eligible costs for Group 1 communities; and
  - (b) 70% of eligible costs for Group 2 and 3 communities.
- contributions for business skills – to assist businesses acquire professional or trained assistance to undertake short term training, acquire short term professional managerial support or develop training plans. Total contribution assistance is limited to \$20,000 per year up to a maximum of \$60,000 for any one business. Contribution assistance towards eligible costs shall normally be limited to:
    - (a) 30% for Group 1 communities; and
    - (b) 70% for Group 2 and Group 3 communities.
  - contributions for business relief - for emergency short-term relief and to assist businesses in difficulty to access professional assistance to identify problems prior to developing a recovery plan or to access professional assistance to develop a recovery plan. Contributions are also available to assist with the orderly winding down of a business that is not viable or assist in attracting investors or potential buyers, to minimize the negative effect on creditors. Maximum assistance available is \$25,000.

Note: Group 1 communities are those most developed; group 3 communities are the least developed.

Eligibility:

Eligibility is restricted to Northwest Territories businesses, except for contributions for venture capital, where Northwest Territories businesses and non-Northwest Territories businesses, or individuals who are either residents or non-residents, are eligible.

Approval Process:

Diamond manufacturers should contact the Director, Diamond Projects, Department of Renewable Resources, Wildlife and Economic Development for application forms. Applications from diamond manufacturers for assistance under this program will be submitted to the Director, Diamond Projects. Upon receipt of an application, the Director of Diamond Projects will forward the application to the Diamond Review Committee for review and submission to the Financial Management Board, as outlined in the Policy Framework.

Specific Information:

The following additional information is required for diamond manufacturers seeking support under this program:

- Evidence of unavailability of the requested financing elsewhere, if the applicant is located in a community with a financial institution.

**3. NWT Development Corporation**Purpose:

The NWT Development Corporation (NWTDC) is a territorial crown corporation established to develop and operate business enterprises that will create employment and income for northern residents. The NWTDC also has the mandate to develop and promote economic diversification and stability of the northern business economy, consistent with the economic development strategies of the Government of the Northwest Territories.

Types of Financing Provided:

Investments by the NWTDC include joint ventures with local development corporations, joint ventures with the private sector, and wholly owned business ventures. Venture investments by the NWTDC are primarily in the form of cumulative preferred shares with a positive return on investment within three years. The NWTDC also has the power to provide short-term operating loans to subsidiaries.

Eligibility:

Funds are available to any business in the NWT, whether it is a limited company, partnership, sole proprietorship or cooperative association. The business may be new or existing.

Amounts and terms available:

Investment is limited to \$100,000 for each job created. The investment can be provided on an interest free basis for up to three years, however, thereafter a positive rate of return must be received. The NWTDC can take preferred shares, common shares or a combination thereof in the ownership of the company. The NWTDC disburses funds on an as-required basis, assuming the expenditures are within the approved budget for the investment. All investments must be approved by the NWTDC Board of Directors.

Approval Process:

Diamond manufacturers should contact the Director, Diamond Projects, Department of Renewable Resources, Wildlife and Economic Development for application forms. Applications from diamond manufacturers for assistance under this program will be submitted to the Director, Diamond Projects. Upon receipt of an application, the Director of Diamond Projects will forward the application to the Diamond Review Committee for review and submission to the Financial Management Board, as outlined in the Policy Framework.

Specific Information:

No additional information, beyond that outlined in the policy framework, is required for diamond manufacturers seeking support under this program.

**4. Occupational Training on the Job**Purpose:

The purpose of the Occupational Training on the Job Program is:

1. To develop a northern workforce that meets the needs of industry with competency-based occupational standards.
2. To assist Northwest Territories businesses to employ and train Northerners to become skilled and certified in occupations designated in the Northwest Territories under the *Apprenticeship, Trade and Occupations Certification Act*.

Types of Financing Provided:

This is a wage subsidy program in which a contract is entered into between an employer, the Government of the Northwest Territories and a trainee. The Program provides a wage subsidy to an employer for a portion of the trainee's salary. The wage subsidy for the trainee is higher at the beginning and lower at the end of the contract.

Eligibility:

All sectors in the NWT are eligible for the Program, depending on funds being available. The Minister of Education, Culture and Employment determines which sectors receive funding on a priority basis.

Eligible employers are businesses, corporations, aboriginal organizations and local governments which:

- Comply with the requirements for employment and training under the *Apprenticeship, Trade and Occupations Certification Act*;
- Commit to utilizing occupational standards and certification materials in the training process, encouraging the trainees to achieve certification;
- Commit to employing the trainee upon certification.

Businesses should be northern businesses and will normally have been in business for at least six months.

Eligible trainees should be residents of the NWT and meet the entrance requirements of the designated occupation and the prerequisites of the occupational standard. Priority is given to Affirmative Action candidates and long-term northerners.

Amounts and terms available:

The wage subsidy is negotiated with the employer. The suggested maximum is 75% or \$400 per week for the first six months of the wage subsidy and 50% of the wage during the second six months.

Approval Process:

Diamond manufacturers should contact the Director, Career Development, Department of Education, Culture and Employment for application forms. Applications from diamond manufacturers for assistance under this program will be submitted to the Director, Career Development. Upon receipt of an application, the Director, Career Development will forward the application to the Diamond Review Committee for review and submission to the Financial Management Board, as outlined in the Policy Framework.

Employers receiving financial assistance under the Business Development Fund or other financial assistance from the Government of the Northwest Territories must have those applications approved prior to the execution of any wage subsidy contracts.

Specific Information:

No additional information beyond that required for the program is required from diamond manufacturers seeking support under this program.