

Introduction

This annual report provides an overview of the contributions made to Northwest Territories businesses in 2003/2004 under the Department of Resources, Wildlife and Economic Development, Business Development Fund.

The Business Development Fund (BDF) total program funding was \$1.2 million. The annual report is broken down into two parts. Part I refers to Schedules A to E and H, under which \$810,261 was provided in assistance and Part II refers to Schedule G under which \$338,276 was provided in assistance.

Purpose of Fund

The Business Development Fund (BDF) is a contribution fund aimed at stimulating employment and economic development throughout the NWT.



Yellowknife – Gerry Murphy Arena (1949 – 2004)

Program Description

The BDF is made up of these programs:

Planning and Other Development Cost (schedule A-1) assists businesses to meet pre-establishment or pre-expansion costs when there is a good possibility of increasing regional sales or displacing imported goods and services. This may include the cost of engineering or other pre-construction costs, feasibility studies, business plans and assisting with legal and regulatory costs.

Pilot or Demonstration Projects (schedule A-2) assists businesses to establish pilot or demonstration projects to determine/assess the applicability of new technology.

Business Creation or Expansion (schedule B-1) encourages the expansion and development of trade, services, renewable resources and manufacturing businesses through new business start ups or expansions. Assistance is primarily directed to expansion related capital costs.

Market and Product Development (schedule C) assists businesses to generate and increase sales of NWT products, goods and services to new markets or to develop new products for existing markets. Related costs include marketing and product development expenditures.

Business Skills (schedule D) assists in short term management or business training where not available from other sources.

Business Relief (schedule E) assists businesses in smaller or less developed communities in financial difficulty to identify problems and develop plans to overcome them.

Community Initiative (schedule G) assists with initiatives that build on local or regional economic development strategies, addresses impediments to economic growth, and promotes the development of a stable, diversified economy.

Young Entrepreneur (schedule H) assists young entrepreneurs aged 18 to 29 to take advantage of business opportunities in the Northwest Territories.



Mackenzie River Ice Crossing – Km 18 Yellowknife Hwy (NWT #3) – Fort Providence, NT

Principles

The BDF is intended to fill the gaps in programs and services offered by other agencies. There are several underlying principles which govern the decision making process.

Need

All other sources of funding must be approached and the applicant must demonstrate that the project cannot economically proceed without BDF financial assistance.

Sustainability

Generally, the project must demonstrate that there is potential for long-term viability.

Shared Risk

The program recognizes that most business opportunities bring with them varying degrees of risk. Through a BDF contribution, Resources, Wildlife and Economic Development is willing to share the risk with the applicant.

Economic Benefits

Job creation, increased exports and reduced imports are all factors which determine whether a project will receive support.

Communities in the North are divided into three groups for the purpose of this Fund. A business in a less developed community would be eligible to receive a larger proportion of the required funding in the form of a contribution than a business in a more developed community.

Definitions – Levels

Level 1: Communities are defined as having reasonable to good transportation linkages. Typically they have developed internal and external markets, they have a larger population base and per capita income, low unemployment, a stable business community and related infrastructure compared to level 2 and 3 communities.

Level 2: Communities are defined as having limited but potential markets, lower per capita incomes, higher unemployment, fewer businesses and less developed physical infrastructure than level 1 communities.

Level 3: Communities are defined as being isolated, having high levels of unemployment, limited transportation, limited business opportunities and economies linked to resource harvesting.

Program Summary

The objective of the Business Development Fund (BDF) is to help businesses create jobs and income for northerners.

To do this, the Department has developed a number of programs for small businesses. The Business Development Fund is a contribution program for businesses across the Northwest Territories. It has been in operation since 1991.

In 1996/1997 Schedule G, Community Initiative Program (CIP) was developed and added to the Business Development Fund. Where as the focus of Schedules A to E is on individual businesses, the CIP focus is on projects that benefit groups of businesses.

In 2002/2003 Schedule H, Young Entrepreneur was developed and added to the Business Development Fund. Schedule H focused on NWT residents aged 18 to 29 assisting our emerging youth into the sector of business.

In 2003/2004 the BDF Policy was updated in keeping with the vision, mission and directives of the Department of Resources, Wildlife and Economic Development “Business Plan 2003 – 2006”. The major changes to the BDF Policy since the approval of the April 1, 2001 “Delegation of Authority Directive” are:

- BDF Policy re-numbered from Cabinet Policy to RWED Policy
- Schedule B, Part 2 – Contributions For Venture Capital – Removed
- Schedule F – Business Bailout - Removed

Program Highlights

- Total program funding was \$1.2 million.
- Schedules A to E and H approved funding was \$810,261 and schedule G was \$338,276.
- The program received a total of 169 applications and 137 were approved. This amounts to an 81% approval rating.

Canadian Tire Store - 2002



Yellowknife

New Federal Building - 2004



Part I

Fund Performance – Schedules A to E and H

Table 1 summarizes the program's major funding activity for the past five years for schedules A to E and H.

Table 1 - Contribution Funding Over Five Years

	Applicants	Approvals	Approval as a Percentage Of Total Applicants	Aboriginal Approvals	Aboriginal Approvals as a Percentage of Total Approvals
1999/2000	179	145	81%	100	69%
2000/2001	117	92	77%	67	72%
2001/2002	116	98	84%	64	65%
2002/2003	117	88	75%	65	74%
2003/2004	116	94	81%	61	65%
Totals	645	517	80%	357	69%

Funding Activity

This report summarizes contributions provided under Schedules A-E and H for the current fiscal year, 2003/2004. The following are some program highlights:

- The program received 116 applications. Ninety-four were approved. This amounts to an 81% approval rating.
- \$1.2 million in assistance was requested and \$810,261 was approved or 69% of the total amount requested.
- The \$810,261 in contribution assistance levered an additional \$565,221 in equity investment and \$654,165 in other financing.
- The average amount of an approved contribution was \$8,620.
- Eight (8) contributions were approved at \$25,000.

Figure 1 Number of BDF Contributions by Amount.
 (Average contribution amount was \$8,620)

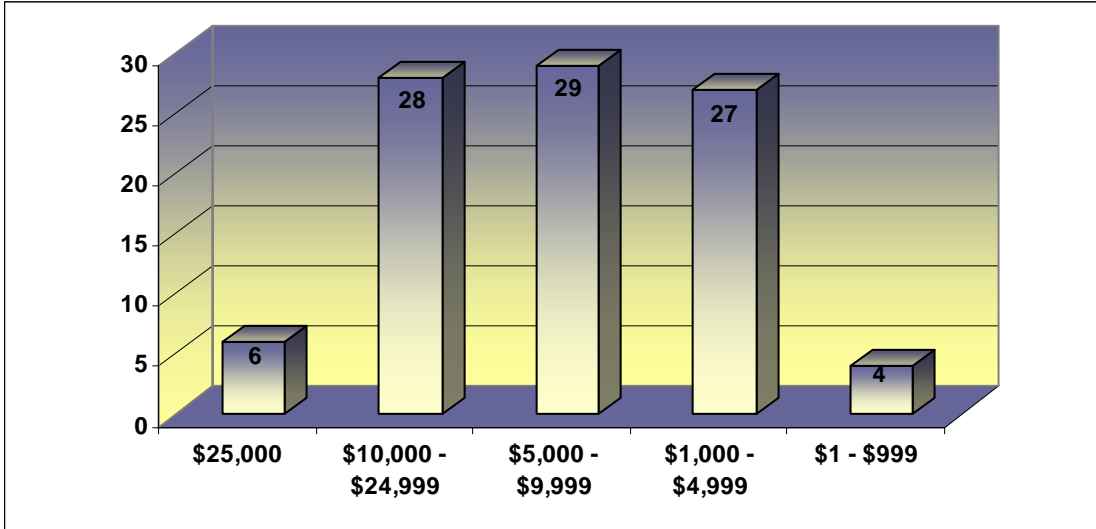
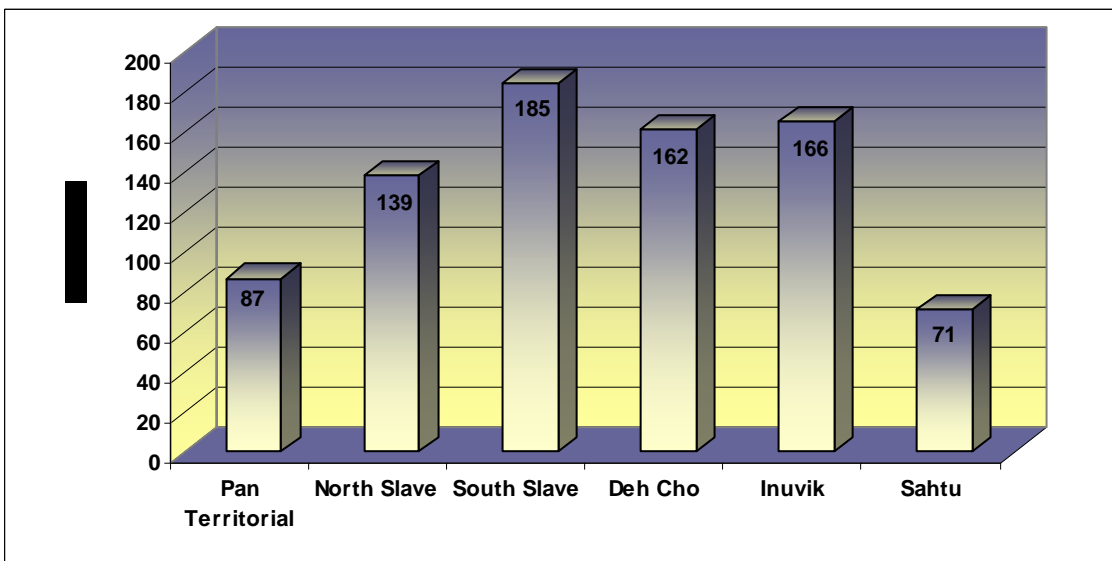


Figure 2 Values of Contributions by Region. (For the purposes of administration, the Department of Resources, Wildlife and Economic Development, allocates its contributions in five distinct regions. Pan-territorial contributions affect more than one region.)



Impact on Community Levels

Communities in the north are divided into three levels. Level 1 communities have well developed community business infrastructure and air/road transportation links. Level 2 communities have business infrastructure and air/road transportation links. Level 3 communities have the least developed business infrastructure and air/road transportation links.

Table 2 - Community Levels

Level 1	Level 2	Level 3
Yellowknife	Fort Simpson	All Other Communities
Hay River	Norman Wells	
Inuvik	Rae Edzo	
Fort Smith		

Table 3 and Figure 3 (below), shows contributions by Community Levels.

Table 3 - Distribution of Schedule A to E and H Funding by Community Levels

Level	# Approved	\$ Approved	Average \$ Approved	Cash Equity Invested	Non-Cash Equity Invested	Other Financing
Level 1	47	399,573	8,502	210,987	129,601	396,227
Level 2	15	139,045	9,270	47,758	19,650	38,618
Level 3	32	271,643	8,489	142,839	14,386	219,320
Total	94	\$810,261	\$8,620	\$401,584	\$163,637	\$654,165



Hay River – Level 1 Community



Tuktoyaktuk – Level 3 Community



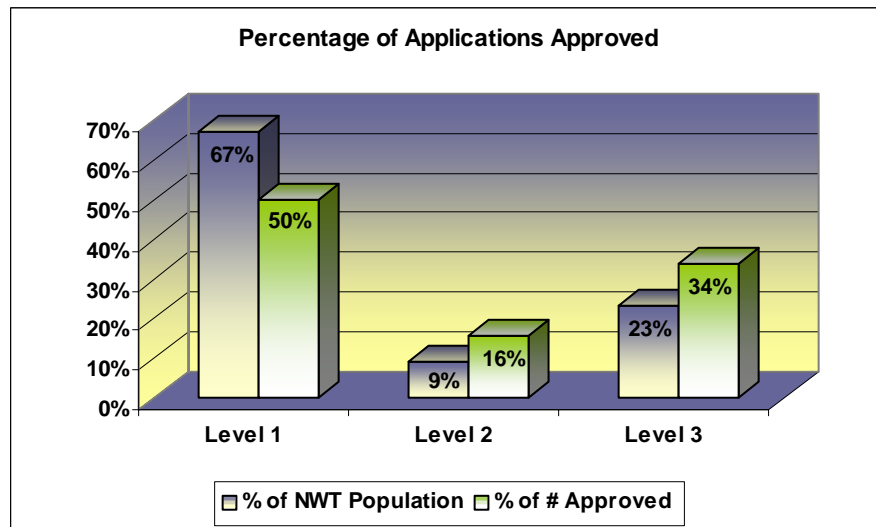
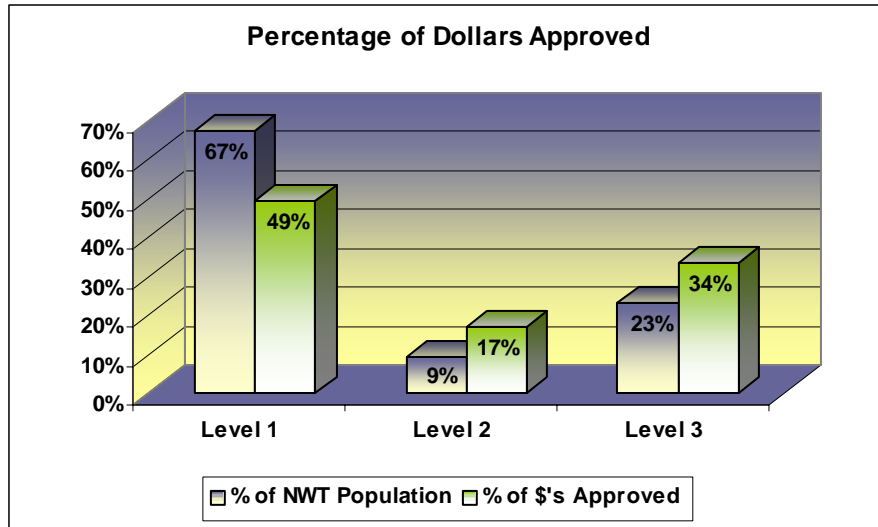
Fort Simpson – Level 2 Community

Table 3.1 – Distribution of Schedule A to E Funding by Community Levels per Population

Level	# Approved	\$ Approved	NWT Population	% Of NWT Population	% Of # Approved	% Of \$'s Approved
Level 1	47	399,573	28,201	67%	50%	49%
Level 2	15	139,045	3,901	9%	16%	17%
Level 3	32	271,643	9,770	23%	34%	34%
Total	94	\$810,261	41,872	100%	100%	100%

* NWT population figures – 2003 NWT Bureau of Statistics

Figure 3 - Value of Contributions and Approved Number by Community Level / Population.



Schedule A-E and H, Contributions by Type of Business

The Department of Resources, Wildlife and Economic Development tracks contributions by the Standard Industrial Classification of Canada.

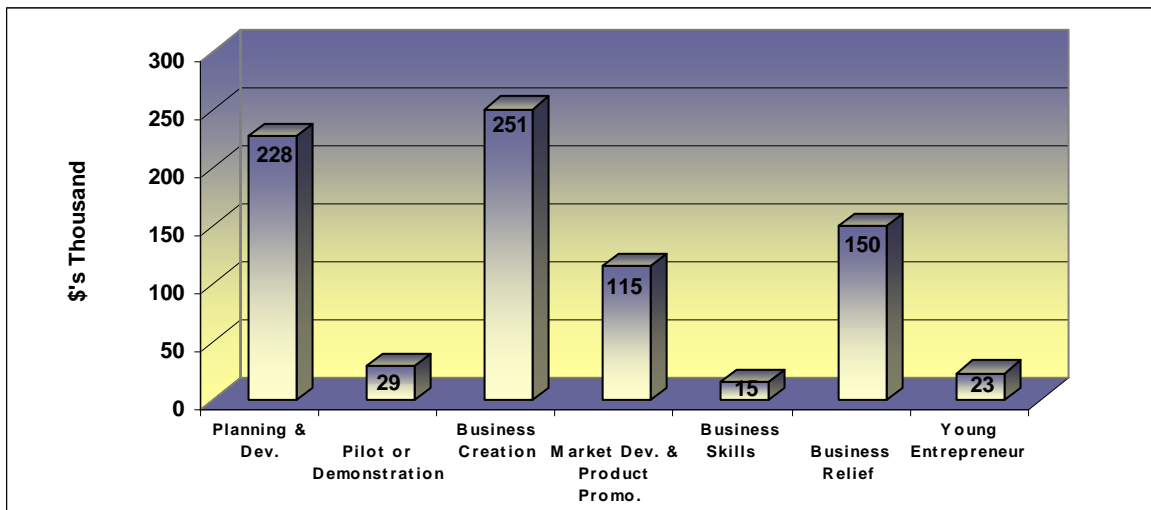
Table 4 - Value of Approved Contributions by Standard Industrial Classification

<u>Code</u>	<u>Division Name</u>	<u>Approved Amount</u>
A	Agricultural and Related Service Industries	\$0
B	Fishing and Trapping Industries	\$15,000
C	Logging and Forestry Industries	\$29,600
D	Mining (including Milling), Quarrying and Oil Well Industries	\$4,200
E	Manufacturing Industries	\$45,340
F	Construction Industries	\$44,732
G	Transportation and Storage Industries	\$82,285
H	Communication and other Utility Industries	\$0
I	Wholesale Trade Industries	\$0
J	Retail Trade Industries	\$83,313
K	Finance and Insurance Industries	\$6,000
L	Real Estate Operator and Insurance Agent Industries	\$8,573
M	Business Service Industries	\$186,605
N	Government Service Industries	\$15,991
O	Educational Service Industries	\$15,000
P	Health and Social Service Industries	\$2,700
Q	Accommodation, Food and Beverage Service Industries	\$215,122
R	Other Service Industries	\$55,800
	Total	<u>\$810,261</u>

BDF Assistance (Schedule A-E and H) by Type of Program

The Business Development Fund has been designed to assist businesses through the various stages of their development. Assistance is available to help plan a business start-up, develop business skills, secure investment and develop new markets and products. These programs apply to all businesses in every sector of the economy.

Figure 4 – Value of Assistance Provided by Program

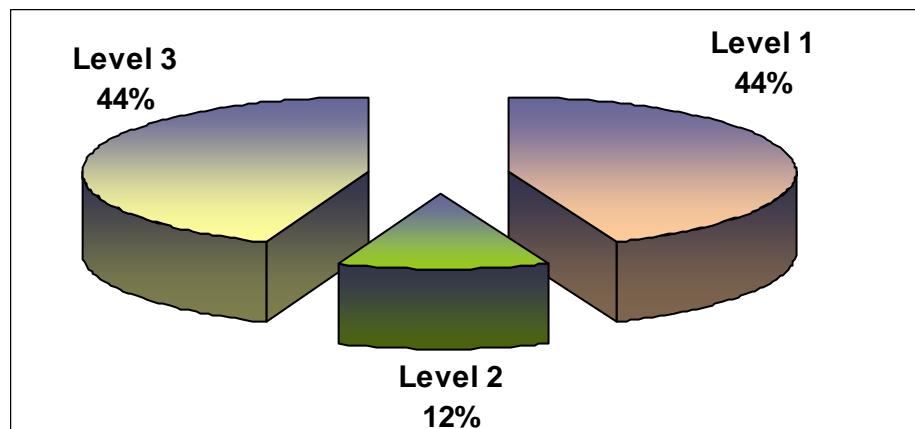


BDF Assistance (Schedule A-E and H) to Aboriginal Businesses

During 2003/2004 the Business Development Fund assisted 61 Aboriginal businesses. Aboriginal businesses are defined as those businesses having 50% or more Aboriginal ownership.

Figure 5 shows contribution assistance provided to Aboriginal businesses distributed by community level.

Figure 5 - Distribution by Community Level to Aboriginal Businesses.



Distribution of BDF Contributions Approved by Aboriginal and Non-Aboriginal Businesses

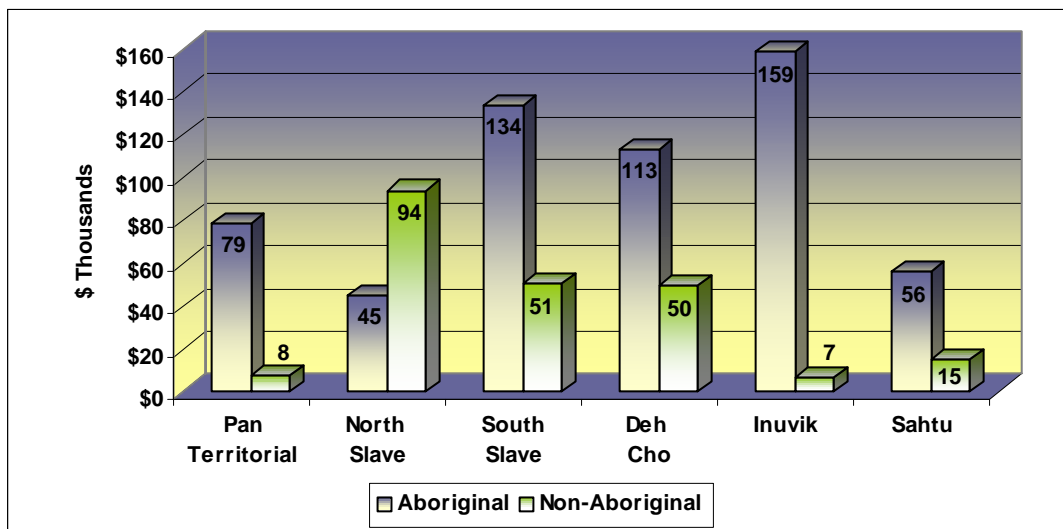
These charts summarize the total value of assistance approved by each region, broken into Aboriginal and non-Aboriginal business categories.

Total contribution assistance provided to Aboriginal businesses were \$585,466 or 72% of total approved funds. The regional distribution of assistance to Aboriginal owned and controlled businesses is shown in Table 5 and Figure 6.

Table 5 - Distribution of Contributions Approved

Region	Aboriginal	Non-Aboriginal	Total Contribution	Aboriginal as a % of Total Contribution
Pan Territorial	78,500	8,000	86,500	91%
North Slave	44,826	93,692	138,518	32%
South Slave	134,123	51,343	185,466	72%
Deh Cho	112,615	49,722	162,337	69%
Inuvik	159,402	7,038	166,440	96%
Sahtu	56,000	15,000	71,000	79%
Total	\$585,466	\$224,795	\$810,261	72%

Figure 6 - Distribution of Contributions Approved.



Number of BDF Contributions Submitted and Approved by Aboriginal and Non-Aboriginal Businesses

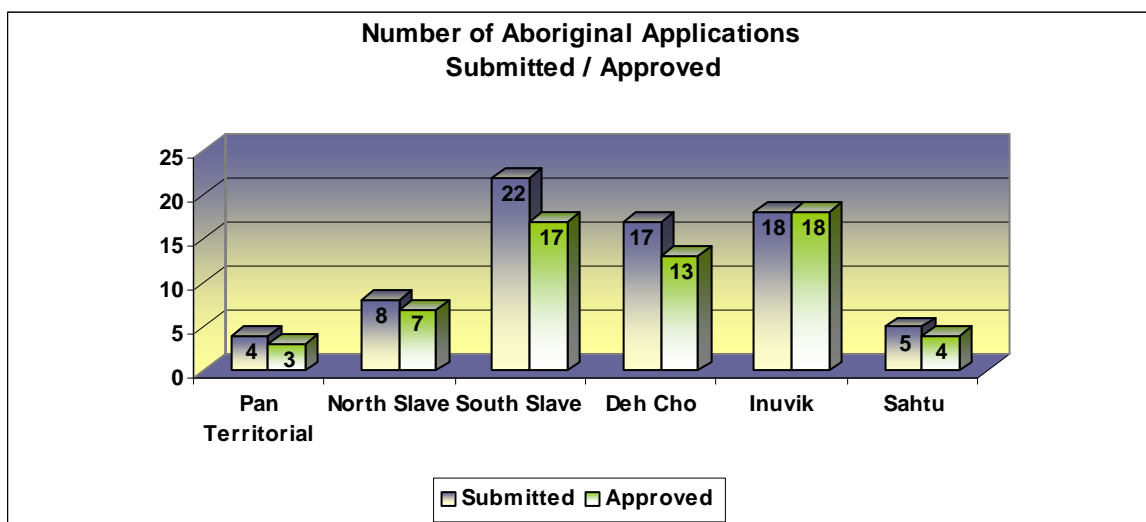
These charts summarize the total number of applications submitted and approved by each region, split into Aboriginal and non-Aboriginal business categories.

Total number of approved applications to Aboriginal businesses were 62 or 84% of total aboriginal applications submitted. The regional delivery of approved applications to Aboriginal owned and controlled business is shown in Table 6 and Figure 7.

Table 6 – Number of Applications Submitted / Approved

Region	Aboriginal Applications		Non-Aboriginal Applications		Number of Applications Approved	Aboriginal Applications % Of Total Applications Submitted
	Submitted	Approved	Submitted	Approved		
Pan Territorial	4	3	2	2	5	75%
North Slave	8	7	14	12	19	88%
South Slave	22	17	13	9	26	77%
Deh Cho	17	13	9	7	20	76%
Inuvik	18	18	3	2	20	100%
Sahtu	5	4	1	1	5	80%
Total	74	62	42	33	95	84%

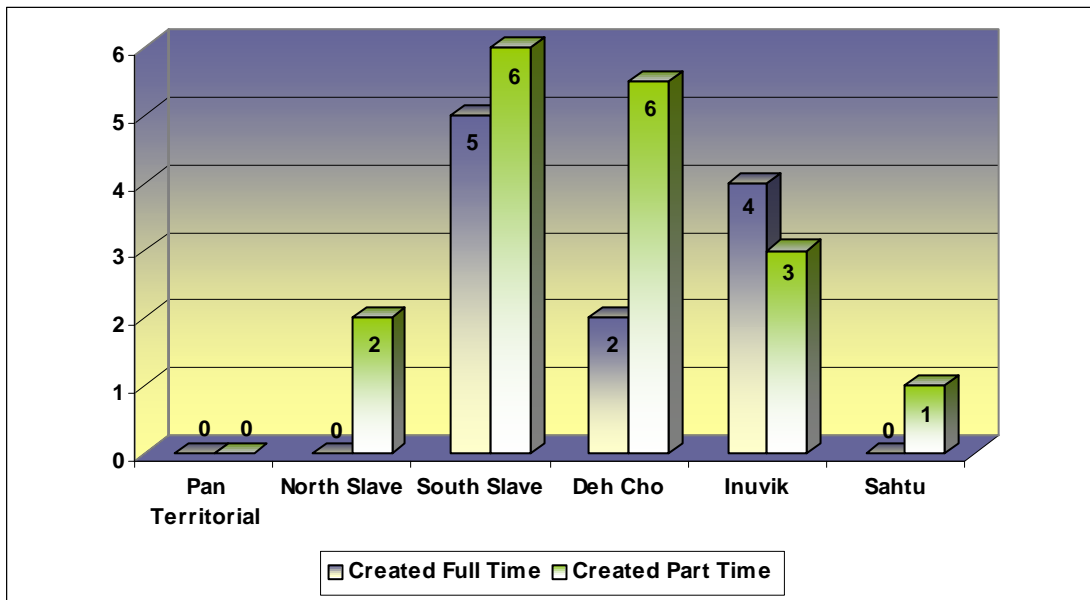
Figure 7 – Number of Aboriginal Applications Submitted / Approved.



Business Creation or Expansion – Schedule B-1 Distribution of Jobs Created and Jobs Maintained by Region

Approved Contributions under the Business Development Fund, Business Creation or Expansion, Schedule B-1 amounted to \$251,038 for 2003/2004. Based on client applications, 11 full-time jobs and 17.5 part-time jobs would be created. In addition, 7 full-time jobs and 6 part-time jobs were maintained. Figure 8 shows the number of jobs created by region.

Figure 8 – Number of Jobs Created by Region.



Part II

Community Initiatives Program – Schedule G

The Community Initiative Program (CIP) was developed to replace funding previously provided under the Canada NWT EDA program in fiscal year 1996/97.

The CIP is schedule G under the Business Development Fund.

The CIP is designed to work in partnership with other community development programs to build a stable economic base at the regional and community level. Through this program, funds will contribute to initiatives that build on local or regional economic development strategies, address impediments to economic growth and promote the development of a stable, diversified economy.

Through the CIP, the Department contributes funds directly to community and regionally based organizations to support community economic development projects. The policy supports a broad range of economic initiatives, from community planning and feasibility studies, to infrastructure development and skills training.

CIP Performance

Table 1-A summarizes the program's major funding activity for the past five years.

Table 1-A – Contribution Funding Over Five Years

	Applicants	Approvals	Approval as a Percentage Of Total Applicants	Aboriginal Approvals	Aboriginal Approvals as a Percentage of Total Approvals
1999/2000	101	89	88%	74	83%
2000/2001	77	66	85%	57	86%
2001/2002	64	56	88%	44	79%
2002/2003	65	48	74%	41	85%
2003/2004	53	43	81%	35	81%
Totals	360	302	84%	251	83%

Funding Activity

This report summarizes CIP Contributions for the fiscal year 2003/2004. The following are some program highlights:

- The program considered 53 applications and provided assistance to 43 applicants. This amounts to a 81% approval rate.
- \$394,716 in assistance was requested and \$338,261 was approved (86% of the total amount requested).
- The \$338,261 in contribution assistance levered an additional \$410,511 in equity investment and \$339,783 in other financing.
- The average amount of an approved application was \$7,867.
- All 43 approved contributions were under \$25,000.

Figure 1-A Number of CIP Contributions by Amount.
(Average contribution amount was \$7,867)

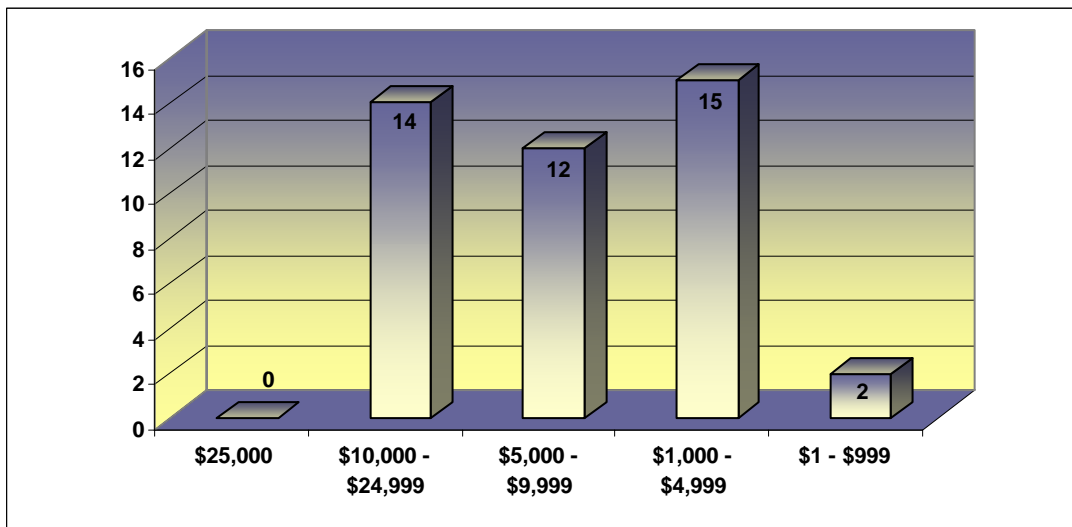
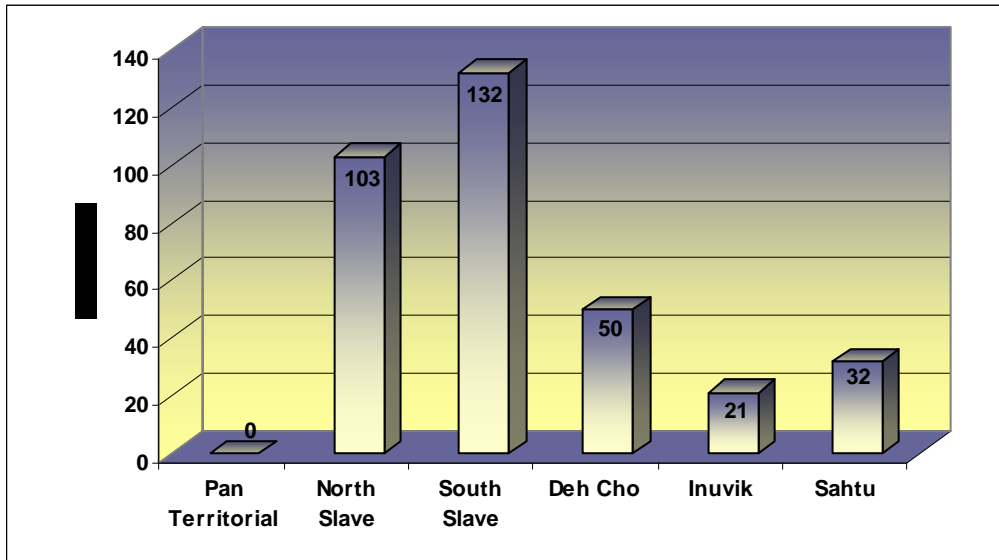


Figure 2-A Value of CIP Contributions by Region.

(For the purposes of administration, the Department of Resources, Wildlife and Economic Development, allocates its contributions in five distinct regions. Pan-territorial contributions affect more than one region.)



Funding by Community Levels

Table 2-A and Figure 3-A, shows contributions by Community Levels.

Table 2-A - Distribution of CIP Funding By Community Level.

Level	# Approved	\$ Approved	Average \$ Approved	Cash Equity Invested	Non-Cash Equity Invested	Other Financing
Level 1	18	135,732	7,541	237,936	36,500	188,400
Level 2	2	9,103	4,552	745	0	9,572
Level 3	23	193,441	8,411	132,180	3,150	141,811
Total	43	\$338,276	\$7,867	\$370,861	\$39,650	\$339,783

Table 2-A.1 - Distribution of CIP Funding by Community Levels / Population (NWT population figures – 2003 NWT Bureau of Statistics)

Level	# Approved	\$'S Approved	NWT Population	% Of NWT Population	% Of # Approved	% Of \$'s Approved
Level 1	18	135,732	28,201	67%	42%	40%
Level 2	2	9,103	3,901	9%	5%	3%
Level 3	23	193,441	9,770	23%	53%	57%
Total	43	\$338,276	41,872	100%	100%	100%

Figure 3-A – Value of CIP Contribution by Community Level / Population.

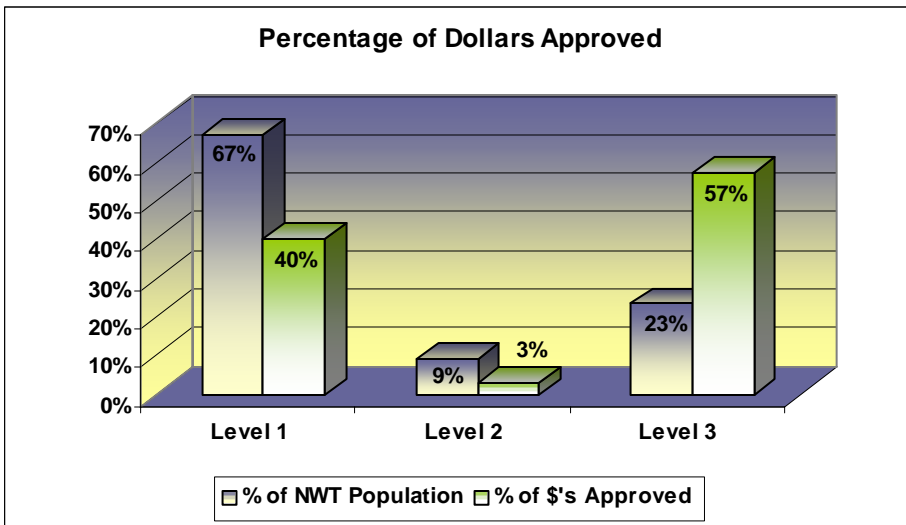
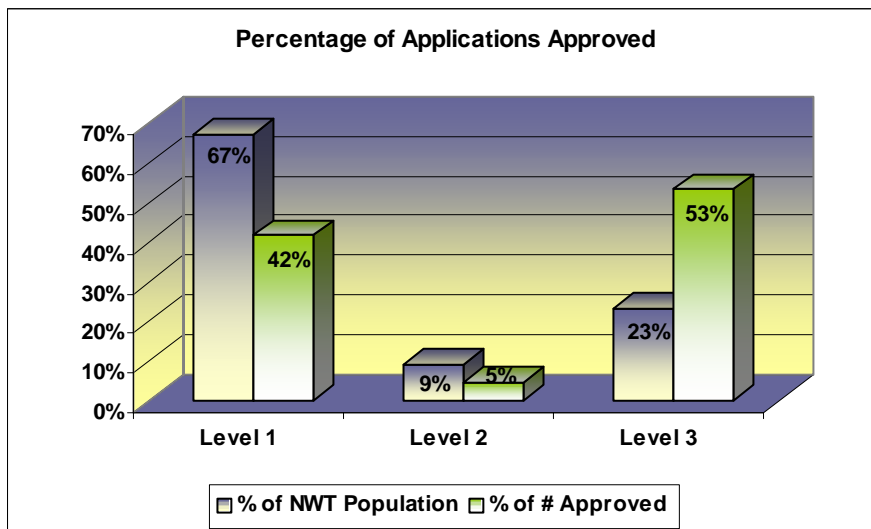


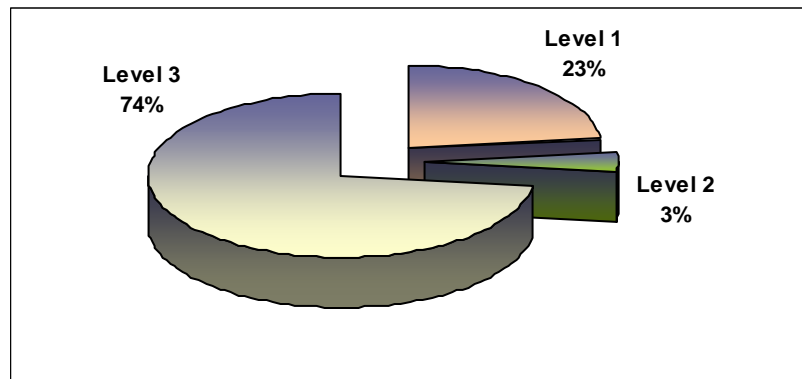
Figure 3-A.1 – Approved Number by Community Level / Population.



CIP Assistance to Aboriginal Organizations

During 2003/2004 the Community Initiative Program assisted 35 organizations that have more than 50% Aboriginal ownership. Figure 4-A shows contribution assistance provided to Aboriginal organizations distributed by community level.

Figure 4-A - Distribution by Community Level to Aboriginal Organizations.



Total contribution assistance provided was \$264,572 or 78% of total CIP funds.



Great Northern Art Festival - Inuvik



Summer Festival Workshop- Fort Smith

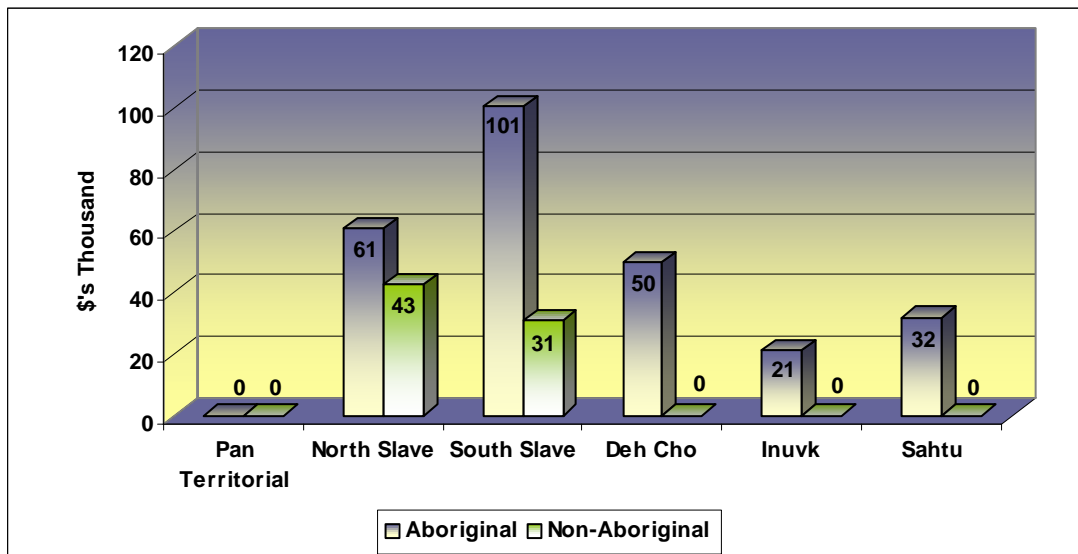
Distribution of CIP Contribution Approvals by Aboriginal and Non-Aboriginal Businesses

Table 4-A and Figure 5-A summarize the total value of assistance approved by each region, broken into Aboriginal and non-Aboriginal organization categories.

Table 4-A - Distribution of Contributions Approved.

Region	Aboriginal	Non-Aboriginal	Total Contribution Approved	Aboriginal Approvals as % of Total Contribution Approved
Pan Territorial	0	0	0	0%
North Slave	60,682	42,500	103,182	59%
South Slave	101,041	31,184	132,225	76%
Deh Cho	50,193	0	50,193	100%
Inuvik	20,884	0	20,884	100%
Sahtu	31,792	0	31,792	100%
Total	\$264,592	\$73,684	\$338,276	78%

Figure 5-A - Distribution of Contributions Approved.



Number of CIP Contributions Submitted and Approved by Aboriginal and Non-Aboriginal Businesses

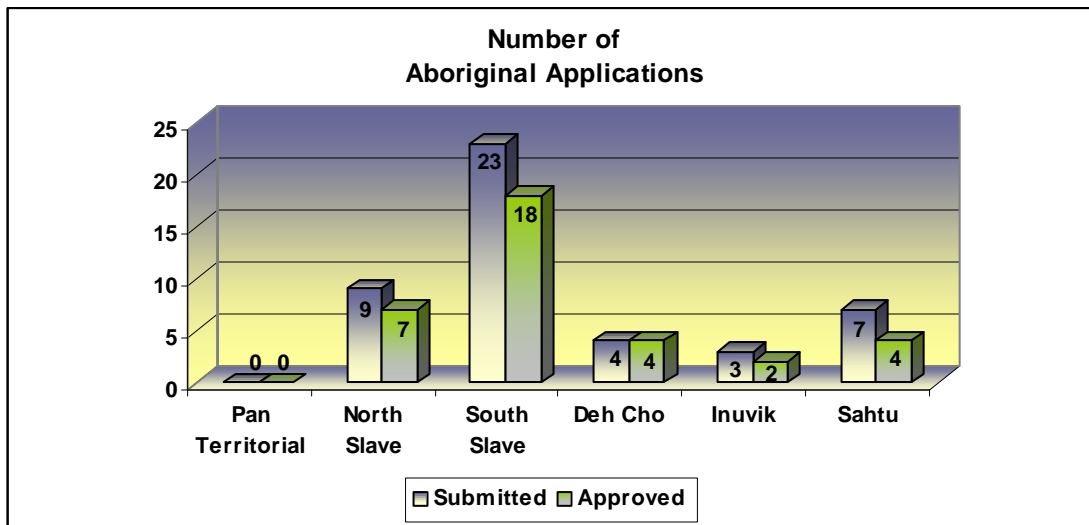
These charts summarize the total number of applications submitted and approved by each region, split into Aboriginal and non-Aboriginal business categories.

Total number of approved applications to Aboriginal businesses were 46 or 76% of total aboriginal applications submitted. The regional delivery of approved applications to Aboriginal owned and controlled business is shown in Table 5-A and Figure 6-A.

Table 5-A – Number of Applications Submitted / Approved

Region	Aboriginal Applications		Non-Aboriginal Applications		Aboriginal Applications	
	Submitted	Approved	Submitted	Approved	Number of Applications Approved	% Of Total Applications Submitted
Pan Territorial	0	0	0	0	0	0%
North Slave	9	7	3	3	10	78%
South Slave	23	18	6	5	23	78%
Deh Cho	4	4	0	0	4	100%
Inuvik	3	2	0	0	2	67%
Sahtu	7	4	0	0	4	57%
Total	46	35	9	8	43	76%

Figure 6-A – Number of Contributions Submitted / Approved



2003/2004 Featured Project

Through the Business Development Fund, the Department of Resources, Wildlife and Economic Development assists with a wide spectrum of businesses from a micro-business that is just getting started to major projects that all could have a profound positive impact on employment and economic activity in the Northwest Territories.

Good News Story

Sewing is a tradition of the Inuvialuit and Gwich'in people. For many it continues to be a way of life as skills and techniques are passed down from generation to generation. In the past, traditional clothing was made from hides of fur bearing animals like seal, caribou, moose hide, polar bear, muskrat, fox, wolf and wolverine. The women would skin, flesh, dry and cut up the skins to make parkas, mitts, hats and pants. Such traditional clothing is still worn today, although tanned fur pelts are usually purchased from a selected supplier.

Today, Inuvialuit and Gwich'in sewers make fur products to sell in the arts and crafts industry. For many, this is their only source of income. But furs are not readily available in the smaller communities. This has decreased the availability and selection of raw materials to make fur products. In addition, many of the sewers tend to fall in the lower income range and struggle to find the disposable income to invest in raw materials. Programs presently available to assist sewers in the purchase of capital assets do not cover items such as furs, hides, leather, duffel, needles, threads and so forth.

In response to these problems, RWED funded the Arts and Crafts Supply Project under the Business Development Fund. This Community Initiative Program, focused on providing sewers materials, enabled the sewers to make products and sell them in the arts and crafts industry. The overall effect was an increase in the amount of finished fur products available in smaller communities and increased revenue for the sewers. The local Economic Development Officer encouraged the sewers to retain some of their earnings to purchase additional raw materials.

The Business Development Fund contributed more than \$12,000 to purchase furs. Sewers in the Beaufort Delta, who attended the meeting to disperse the furs and who have sold products in the past, received fur from this program. To receive furs, the sewers were required to show the Economic Development Officer a sample of their work. The Economic Development Officer then recorded the names of each person who received furs and the types of furs were received.

All sewers were extremely happy with this program. Many of the products made from this initiative have been sold through the Inuvialuit Regional Corporation or directly to local tourists. The goal to increase the number of available fur products in Beaufort Delta communities was attained.

