



Contributions to Business Development Program

Policy Statement

The Government of Nunavut is committed to supporting the development of healthy communities through business development and community-based economic capacity building.

The Department's policies and programs will reflect these principles.

The Department of Economic Development and Transportation (ED&T) is the principal vehicle of delivery of the Government of Nunavut's community economic development programs.

ED&T, through this policy, will share the financial risk of business support and development with individual applicants so that good ideas can be turned into successful businesses and existing businesses can fully realize their potential.

The *Policy on Contributions to Business Development* establishes the general terms and conditions by which business support funding will be provided to Nunavut Residents and Businesses.

Principles and Values

In developing and applying this Policy ED&T shall take into consideration the following principles:

1. **Simplicity:** Our programs will aim at simplicity in design, access and delivery.
2. **Self Reliance:** Communities, through *Inuusiqainnarniq* (healthy communities) and economic development, have the primary role and responsibility for the health and vitality of their citizens. With this in mind the private sector becomes the preferred option for developing the Nunavut economy.
3. **Continuing Learning:** Our programs must support the development of a Nunavummiut workforce; this should result in increased employment of northern residents.
4. **Inuit Qaujimagatuqangit:** Our policies and programs will reflect ED&T's guiding principles of Inuit Qaujimagatuqangit.
5. **Effective Communication:** Information must be shared between all parties on the basis of two-way communication.



6. **Transparency:** The information on which decisions are based will be available to the public in scheduled reporting, and all decision making processes will be fair, explicit, and without conflict of interest.

7. **Government support** is an acceptable and sometimes necessary means of stimulating and developing the economy.

8. **Public investment** must build upon available resources and use technology and scale appropriate to the skills and traditions of residents.

9. **Economic growth** must be fostered in ways which are acceptable to community values, and in a sustainable manner.

OBJECTIVE OF THIS POLICY

Programs in support of community economic development will:

1. Result in measurable increases in employment, income, and *Inuusiqaïnarniq* for Nunavut residents.
2. Build community capacities to plan, develop, and implement opportunities for economic development.

PURPOSE

The Government of Nunavut, through the ED&T Minister and ED&T, will deliver programs and services aimed at stimulating sustainable development in the Nunavut economy. Programs in support of community economic development will focus on supporting six business activities and areas.

Under the *Policy on Contributions to Business Development* ED&T will support:

- (i) Business Planning and Development (Schedule A)
- (ii) Business Creation, Expansion or Investment (Schedule B)
- (iii) Market and Product Development (Schedule C)
- (iv) Business Management and Skills Acquisition (Schedule D)
- (v) Business Relief (Schedule E)
- (vi) Contributions for Small Business, the Arts and Traditional Economies (Schedule F);

DEFINITIONS

Audit



Means the examination and verification of records and reporting there on. A Level 1 audit comprises a financial statement certified by a professional auditor in public practice. A Level 2 Audit comprises a financial statement certified by a professional auditor employed by the Government of the Nunavut. A Level 3 Audit comprises a review of financial statements by an independent person.

Equity

Means any assets, land or cash, with unencumbered residual value contributed to the venture by the owner(s) or shareholder(s).

Group 1 - Iqaluit

As the most developed community within Nunavut, Iqaluit has a well-developed community business infrastructure and air transportation links.

Group 2 - Regional Centres

Typically these communities have well-developed business infrastructure and air transportation links.

Group 3 - Decentralized Communities

Typically these are medium-sized communities, with less developed business infrastructure and air transportation links than Group 1 or 2.

Group 4 - Non-Decentralized Communities

Typically these are small communities with the least developed business infrastructure and air transportation links.

Economic Benefit

Employment and income creation shall be the primary criteria used in assessing the economic benefit of any proposed project.

Market Disruption

Defined as a situation where the expansion or establishment of a business will have a substantial negative impact on the sales or market of another business.

Nunavut Business

An enterprise carrying on business or otherwise conducting operations in Nunavut that is registered under Section 23 of the NNI Policy and which complies with the legal requirements to carry on business in the Nunavut, meaning that it is either:

- (a) a corporation registered and in good standing under the *NNI Policy and Nunavut Companies Act*; or
- (b) a co-operative association in good standing under the *Co-operative Associations Act*; or,



- (c) a partnership or sole proprietorship duly registered and in good standing with a Nunavut municipality or the Department of Justice, Legal Registries Division and a holder of a valid Nunavut business license.
- (d) a corporation without share capital and in good standing that has been incorporated under Part 2 of the *Canada Business Corporations Act*

Non-Nunavut Business

Any business not registered as a Nunavut Business within section 23 of the NNI Policy, but which complies with the legal requirements to carry on business in any jurisdiction of Canada except Nunavut and is either:

- (a) a corporation registered and in good standing; or
- (b) a co-operative association registered and in good standing; or
- (c) a partnership or sole proprietorship registered and in good standing.

Person Year

A job where the employee receives at least \$10,000 per year in the case of arts and crafts or renewable resource harvesting businesses, or 40 weeks of employment in the case of all other businesses.

Sweat Equity

Means the documented value of labour that the applicant brings to the business based on the prevailing labour rate where the applicant is located.

Nunavut Resident

Anyone resident in Nunavut and in possession of a Nunavut Health Card number.

Small Business

For the purposes of this Policy, a small business is defined as:

- (a) A Nunavut Business with a valid business license with less than \$1,000,000 in annual gross sales; or,
- (b) An artist, craftsperson or performing artist who makes all or part of their income through the sale of products they produce or plan to produce; or,
- (c) A renewable resource harvester who earns part or all of their income from the sale of renewable resource products they harvest, or plan to harvest from available commercial quotas, agriculture, or similar sources.

AUTHORITY AND ACCOUNTABILITY



The **Financial Management Board (FMB)** approves an annual budget for contributions contained within this policy, as well as expenditures additional to those appropriated in the Main Estimates in the event of unplanned contribution needs.

The **Executive Council** shall approve program provisions and any exceptions to this policy.

The Minister of ED&T may:

Establish Financial Limits

Under this Policy the maximum assistance that may be approved for any one client in any fiscal year is \$150,000. Financial assistance will be limited to:

- \$20,000 for feasibility and/or other specified development costs; and \$75,000 for pilot or demonstration projects under Schedule A;
- \$150,000 for capital investments under Schedule B, Part 1, and \$150,000 for venture capital investments under Schedule B, Part 2;
- \$15,000 per year to a maximum of \$45,000 for marketing and product development under Schedule C;
- \$20,000 for developing business skills and management assistance as outlined in Schedule D;
- \$25,000 for business relief under Schedule E;
- \$5,000 per applicant for tools and equipment (\$10,000 Lifetime limit) under Schedule F.

The ED&T Minister of may review the groupings of communities and, depending upon the results of that review, may issue instructions regarding the appropriate regrouping of a community or communities.

Annual Report

The ED&T Minister will table annually in the Legislative Assembly the Nunavut Economic Notebook that will provide a summary report of contributions made under this policy. This report will detail the amount of each contribution, the type of investment or project being supported, and the name of the business, as well as a listing of community groupings in effect, noting any changes made during that year,.

The Deputy Minister may:

Delegate Authority to the Directors of Community Operations (Baffin, Kivalliq and Kitikmeot) or to an external delivery organization where an approved Memorandum of Understanding is in place.

The Directors of Community Operations will:



- i) Have the authority to disburse funding and make decisions related to applications under this policy.
- ii) In accordance with the terms and conditions of this policy (Schedules A to F), be accountable for, monitor, and oversee all transfers of funding made to an external delivery organization for the purposes of delivering this program on behalf of the Government of Nunavut.

CRITERIA

The criteria for contributions to eligible partners are detailed in the attached Schedules A to F.

ELIGIBILITY

All Nunavut Businesses and Nunavut Residents (as defined within this policy) are eligible for assistance.

ELIGIBLE ACTIVITIES

Activities eligible for funding under this policy are:

(i) Business Planning and Development One time assistance may be provided under Part 1 for costs associated with planning, engineering, and other developmental costs; and, under Part 2, for pilot or demonstration projects. (Schedule A)

(ii) Business Creation, Expansion or Investment Assistance may be provided under Part 1 for the acquisition or development of capital assets, and start-up working capital. (See Schedule B) Assistance may be provided under Part 2 to both resident and non-resident investors to make minority investments in Group II or III communities or in priority sectors. (Schedule B)

(iii) Market and Product Development Assistance may be provided for:

- new market or product development designed to increase sales of Nunavut products, to promote the Nunavut as a travel destination,
- trade show participation and to develop or maintain contacts in Nunavut and export markets.
- marketing of existing tourism, arts and crafts and renewable resource products. (Schedule C)

(iv) Business Management and Skills Acquisition Assistance may be provided to increase business skills and capabilities. (Schedule D)

(v) Business Relief Assistance may be provided to:

- ___ identify problems;
- ___ develop a recovery or restructuring plan;



__provide emergency relief;
__assist with the cost of "winding down" a business which has a minimal net worth and cannot meet its financial obligations and which could hurt other businesses and employment opportunities if allowed to fail in a disorderly manner.

__Once the problem has been identified the business may apply under one of the other Schedules of this Policy or under another program for additional assistance. (Schedule E.)

(vi) Contributions for Small Business, the Arts and Traditional Economies:

__provides access to small scale contributions for tools, and equipment necessary for operation in the small business, the arts and crafts and traditional economy sectors.

__insurance relief for Nunavut outfitters, guides and adventure tour operators.

__maximum single contributions will be \$5,000 per applicant.

__lifetime maximum amount of \$10,000. (Schedule F)

Exceptions: Contributions will not be provided if a financial analysis indicates that there is no need for assistance from the Government and the proposed business venture has a reasonable expectation of increased future net profit without assistance.

GENERAL CONDITIONS

(a) Being found eligible for funding under this policy does not guarantee subsequent approval for financial assistance of any kind, or for financial support to the maximum extent possible under this policy. Financial assistance will be provided to those projects providing the greatest economic benefit to the Nunavut.

Financial assistance will be provided only to the limit and availability of funding allocated to this policy within the main estimates of the Department of Economic Development and Transportation.

(b) Contributions will only be provided to the extent of offsetting the capital deficiency brought about by the increased costs of operating in a remote location, or where the applicant can demonstrate a need for additional capital to allow the business an opportunity to achieve viability.

(c) All recipients of contribution assistance must agree to public disclosure and to allowing agents of the Government of the Nunavut access to the project site or premises, to inspect all books and other financial statements, and to obtain any other information necessary to evaluating the success of the project.



(d) Applicants who fail to meet their commitments, as outlined in the Contribution Agreement, will be required to repay contribution assistance.

(e) Applicants for assistance who are eligible for federal or federal/Nunavut assistance may be required to provide proof of refusal from these programs.

INELIGIBLE COSTS

Contributions will not be provided to assist with the acquisition or purchase of:

(a) assets previously acquired by the applicant, shareholder or partner in the project, or by an associated business;

(b) the applicant's internal costs not directly related to the project, and non-arms length transactions, including payments made to shareholders or members of their immediate family; or businesses related by common effective control;

(c) raw land for speculative purposes; or

(d) assets previously purchased with the assistance of the Government of the Nunavut or the Government of Canada or other business support programs.

(e) items and materials for re-sale, such as stock and inventory.

CONTRIBUTION AGREEMENT

A Contribution Agreement is a legally binding commitment by the recipient to undertake a specific project within a defined time frame. General terms and conditions for a contribution shall be specified within a Contribution Agreement. Specific terms and conditions will vary according to the nature of the contribution and the project or activity being supported and will be attached as Schedule A to the Contribution Agreement.

EQUITY REQUIREMENTS

(a) For a project to be considered, applicants must contribute the following minimum equity, which may include sweat equity:

- (i) 20% in Group 1 communities,
- (ii) 10% in Group 2 communities,
- (iii) 5% in Group 3 communities, and
- (iv) 2.5% in Group 4 communities.



For projects located between Nunavut communities or benefiting more than one community, the minimum equity will be determined using a weighted average of the above rates based on employment and purchasing benefits in those communities.

Remaining project financing may be made up through debt or equity investments. Eligible contribution financing is outlined in the attached Schedules A through F, and varies according to the community and activity being proposed.

Sweat equity should not normally exceed 50% of the total equity requirements as defined above. ED&T may make exceptions where it does not undermine project viability.

Payment

Payment will be provided when:

- (i) the applicant has accepted the terms and conditions for a contribution as detailed in a Contribution Agreement;
- (ii) the required equity is in place (for "sweat equity", a commitment that the work will be performed);
- (iii) the availability of additional financing necessary to completing the project has been confirmed; and
- (iv) necessary approval by regulatory, municipal and other authorities has been confirmed. This may include meeting health and safety standards, environmental standards, acquiring land use approval, support from community or regional councils, or any other approvals deemed necessary for the project to proceed.

CONTRACTING PROCEDURES

Whenever possible the project or activity shall use Nunavut goods and services. The Contribution Agreement will specify that the NNI Policy of the Government of the Nunavut applies to all material and service contracts associated with the project as called for in that Policy.

FUNDING PRIORITIES

Financial assistance will be provided to those projects providing the greatest economic benefit to the Nunavut.

As contribution funding is limited; when evaluating project proposals, the Department may:

- (a) give priority to:



- (i) Balanced Development- Increased employment in Group II, III or IV Communities;
 - (ii) Import Replacement - projects which displace imports, including those encouraging residents to travel or vacation within the Nunavut; and
 - (iii) Export Enhancement - projects which expand exports including increased tourist expenditures by non-resident travelers;
- (b) consider the project's contribution to regional development goals and objectives.

CONFIDENTIALITY

Except as outlined below, all information provided by the applicant shall be kept confidential in accordance with the *Access to Information and Protection of Privacy Act* unless the applicant agrees in writing to its release.

- (a) Contributions will be conditional upon the applicant agreeing that the details of the contribution, will be made available to the public at the discretion of the department.
- (b) Where market disruption may be a factor, those provisions outlined in Appendix 1 will apply. This means that ED&T may advertise the proposed contribution and/or solicit interventions from competing businesses.
- (c) For planning and demonstration projects, as outlined in Schedule A, Part 2, applicants must agree to provide all project information, and that this information can be made public at the discretion of ED&T twelve months from the date of the Contribution Agreement.
- (d) ED&T publishes job creation, income, expenditure and other benefits statistics in an aggregate form where, in the opinion of ED&T publishing such information does not contravene the *Access to Information and Protection of Privacy Act* and where the release of the information will not financially harm a recipient.

Appeals

In the event that an applicant is not satisfied with the decision of the approving authority because:

- (a) new information which materially affects the applicant's demonstrated need, viability or proposed benefits becomes available after an application has been submitted, and a decision made; or

(e) the applicant has cause to believe that the provisions of this Policy and Directive were not fairly and adequately applied;



The applicant may appeal to the Deputy Minister of ED&T.

Appeals must be made in writing and received by the Deputy Minister no later than thirty days following the date that the applicant has received notification of the approving authority's decision. Reasons other than (a) or (b) above will not be considered grounds for appeal.

PROMOTION:

In order to ensure that potential eligible applicants are fully informed of the terms of this policy, ED&T shall ensure that a synopsis of this policy is distributed to all Nunavut communities and made available to all eligible applicants. This will be done on an annual basis.

PREROGATIVE OF THE EXECUTIVE COUNCIL

Nothing in this Directive shall in any way be construed to limit the prerogative of the Executive Council to make decisions or to take actions, respecting business contributions, contributions, or any other form of business assistance, either direct or indirect, outside the provisions of this Directive.

SUNSET CLAUSE

This policy will be effective from the date of signature until June 2010.

Original Signed by: _____ Premier, and
Chairman of the Executive Council

Schedule A

PART 1

CONTRIBUTIONS FOR PLANNING AND OTHER DEVELOPMENTAL COSTS

Purpose



Before a business can be established or expanded, expenditures may be required. This program is designed 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.

Examples of expenses which may be eligible include:

- (a) engineering or other pre-construction costs associated with a major expansion, if these costs are necessary to determining whether it is possible to expand or not;
- (b) feasibility studies;
- (c) business plans;
- (d) assisting with legal and regulatory costs.

Eligibility

All Nunavut Businesses and Residents.

Review

Applications for assistance will be reviewed by the relevant Director of Community Operations, or his/her designate.

Supporting Data

Applicants must submit a completed and signed application form. Applicants will normally be expected to provide the following:

- (a) a development or research plan which outlines the scope of the study, planning activity or research; and,
- (b) identification of outside services to be used in the study, including consulting fees, printing, translation, freight, legal and other contracts.

Applicants must submit additional information, if requested, appropriate to the nature and amount of the requested assistance.

Accountability Requirements

A Level 3 Audit will be required.

Financial Assistance

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. Eligible accommodation and subsistence costs will be limited to the per diem allowance approved from time to time for Government of the Nunavut employees on duty travel.

Payment



Specific payment terms and conditions will be contained in the Contribution Agreement. In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Term

This is an ongoing program.

PART 2 CONTRIBUTIONS FOR PILOT OR DEMONSTRATION PROJECTS

Purpose

In some cases, the preparation of a feasibility study or business plan may be insufficient to determine a project's worth or viability, particularly where the use of new technology is being considered.

This program is designed to assist businesses to establish pilot or demonstration projects to test the application of new technology in current or planned business ventures.

Eligibility

All Nunavut Businesses undertaking projects where future business opportunities may result from the successful introduction of a new technology or process are eligible. Businesses which have received financial assistance under Part 1 of this Schedule may also be eligible for assistance under Part 2 for the same project in the same fiscal year.

Review

Applications for assistance will be reviewed by the relevant Director of Community Operations, or his/her designate.

Supporting Data

Applicants must submit a completed and signed application form. Applicants will normally be expected to provide the following:

- (a) a development plan which outlines the scope and intent of the pilot or demonstration project, including a detailed budget, schedule, cost quotations, and any supporting technical documentation deemed appropriate; and,
- (b) identification of outside services to be used in the project, including consulting fees, printing, translation, freight, legal and other contracts.

Applicants must submit additional information, if requested, appropriate to the nature and amount of the requested assistance.

Accountability Requirements



A Level 3 Audit will be required for contributions to \$50,000. A Level 1 Audit will be required for contributions in excess of \$50,000.

Financial Assistance

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.
- (d) 97.5% of eligible costs for Group 4 communities.

Examples of eligible costs include:

- purchases of equipment and materials;
- leasing of equipment and/or facilities;
- contracted costs of technical support people.

Total assistance for any project shall not exceed \$75,000.

Payment

Specific payment terms and conditions will be contained in the Contribution Agreement. In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Schedule B

PART 1

CONTRIBUTIONS FOR BUSINESS CREATION OR EXPANSION

Purpose

This program is designed to encourage the establishment and expansion of Nunavut businesses in cases where there is a demonstrable northern benefit.

Eligibility

All Nunavut Businesses and Residents.

Review

Applications for assistance will be reviewed by the relevant Director of Community Operations, or his/her designate.

Supporting Data

Applicants must submit a completed and signed application form. Applicants will normally be expected to provide the following:



- (a) a plan which outlines the scope and intent of the project, including a detailed budget, schedule, cost quotations, and any supporting documentation deemed appropriate; and,
 - (b) identification of outside services to be used in the project, including consulting fees, printing, translation, freight, legal and other contracts. In addition, for requests in excess of \$25,000, applicants will be expected to provide the following:
 - (c) historical financial statements (if available); and,
 - (e) a business plan which includes three year pro forma financial statements.
- Applicants must submit additional information, if requested, appropriate to the nature and amount of the requested assistance.

Accountability Requirements

A Level 3 Audit will be required for contributions to \$50,000. A Level 1 Audit will be required for contributions in excess of \$50,000.

Financial Assistance

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 ED&T Minister's concurrence, to a maximum of \$150,000.

In addition, 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;
- (d) 97.5% for Group 4 communities

unless exceptional income and employment benefits are proposed, and with the ED&T Minister's concurrence.

Eligible costs are limited to start-up working capital and those items which may be capitalized on a company's or project's financial statements.

Examples include:

- (a) buildings and land associated with the project;
- (b) equipment;
- (c) leasehold improvements; and
- (d) site development costs.

The following activities are **not** eligible for contribution assistance:

- (a) purchasing an existing business or facilities where no expansion or additional employment creation is planned;
- (b) refinancing of assets purchased prior to the application or approval of the contribution, unless this restriction is waived by the approving authority;
- (c) expenditures of a recurring nature; and



(d) activities which are market disruptive.

Payment

Specific payment terms and conditions will be contained in the Contribution Agreement. In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Term

This is an ongoing program.

PART 2 CONTRIBUTIONS FOR VENTURE CAPITAL

Purpose

Contributions for Venture Capital are intended to expand the Nunavut entrepreneurial base and to encourage private sector investment in less developed communities and regions. For individuals and businesses willing to risk their capital in these areas, the Government of the Nunavut is willing to share some of the risk.

Eligibility

Nunavut Businesses and non-Nunavut Businesses, or individuals who are either Residents or Non-residents.

Applications are limited to those investments outlined in Schedule B Part 1. All criteria within Schedule B Part 1 shall apply to the Venture Capital investment with funds flowing directly to the investor.

The investment must be made in a business located and operated in a Group 2 or 3 community, or in a priority sector as identified by the Minister, and which is owned and operated by Nunavut Residents.

The total investment must not exceed a minority (49%) interest.

The venture capital company must demonstrate an arms length relationship with the eligible business or individual.

In those cases where projects involve government lease-back arrangements, government lease revenues shall not normally exceed 50% of the company's gross revenues during the amortization period of the assets.



The ED&T Minister may make an exception to this limit where income and employment benefits warrant.

Review

Applications for assistance will be reviewed by the relevant ED&T Director of Community Operations, or his/her designate.

Supporting Data

Applicants must submit a completed and signed application form. Applicants will be expected to provide an investment prospectus. Applicants may be asked to submit additional information appropriate to the nature and amount of the requested assistance.

Accountability Requirements

Audited financial statements will be required.

Financial Assistance

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.

Payment

Specific payment terms and conditions will be contained in the Letter of Understanding, and based on the actual amount of investment funds held in trust at the time of payment.

Term

This is an ongoing program.

Schedule C

CONTRIBUTIONS FOR MARKET DEVELOPMENT AND PRODUCT PROMOTION

Purpose

The Market Development and Product Promotion Program is designed to assist businesses to generate sales of Nunavut 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.

Eligibility

All Nunavut Businesses and Residents.



Review

Applications for assistance will be reviewed by the relevant ED&T Director of Community Operations, or his/her designate.

Supporting Data

Applicants must submit a completed and signed application form.

Applicants will normally be expected to provide a three year marketing plan which shows how the proposed project will assist the applicant to penetrate a new market or market a product.

Applicants must submit additional information, if requested, appropriate to the nature and amount of the requested assistance.

Accountability Requirements

A Level 3 Audit will be required.

Financial Assistance

Applicants may normally receive funding for projects up to a maximum of:

- (a) 30% of eligible costs for Group 1 communities
- (b) 70% of eligible costs for Group 2 and 3 communities.
- (c) 97.5% of eligible costs for Group 4 unless exceptional income and employment benefits are proposed, and with the ED&T Minister's concurrence.

Total assistance for any project shall not exceed \$15,000 per year to a maximum of \$45,000 over three years.

Assistance is available for, but not limited to:

- (a) undertaking a marketing campaign;
- (b) on-going merchandising programs, such as industry tagging and product demonstrations;
- (c) professional marketing fees;
- (d) creation of promotional material such as catalogues, displays, brochures, sales kits;
- (e) costs related to booth space and transportation of product samples;
- (f) design and development of new packaging;
- (g) consumer evaluation and test marketing; and
- (h) encouraging and preparing for incoming trade missions, familiarization tours and participation in export market exploration.



Assistance to trade show participants will be limited to the eligible costs for a maximum of two people, the duration of the show, plus one day to set up and dismantle displays and two additional days for travel.

Contributions for trade show participation are limited to the per diem allowance approved from time to time for Government of the Nunavut employees on duty travel.

Payment

Specific payment terms and conditions will be contained in the Contribution Agreement.

In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Term

This is an ongoing program.

Schedule D

CONTRIBUTIONS FOR BUSINESS SKILLS

Purpose

This program is designed to help businesses acquire professional or trained assistance to:

- (a) undertake short term training in specific business skills which may include but are not limited to bookkeeping, tax law, contracting, bidding inventory control, and receivables control;
- (b) acquire short term professional managerial support during periods of expansion or restructuring, or meet the needs of extra-ordinary projects;
- (c) develop training plans.

Eligibility

All Nunavut Businesses and Residents.

Review

Applications for assistance will be reviewed by the relevant ED&T Director of Community Operations, or his/her designate.

Supporting Data

Applicants must submit a completed and signed application form.



Applicants will normally be expected to provide a short description of the proposed training course, including benefits, a detailed budget, schedule, a listing of the proposed trainees, and resumes of the trainer(s) or other professionals being hired.

Applicants must submit additional information, if requested, appropriate to the nature and amount of the requested assistance.

Accountability Requirements

A Level 3 Audit will be required.

Financial Assistance

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,
- (b) 70% for Group 2 and Group 3 communities, and
- (c) 97.5% for Group 4 communities. unless exceptional income and employment benefits are proposed, and with the ED&T Minister's concurrence.

Payment

Specific payment terms and conditions will be contained in the Contribution Agreement. In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Term

This is an ongoing program.

Schedule E

CONTRIBUTIONS FOR BUSINESS RELIEF

Purpose

Contributions under this Schedule are intended primarily 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.

Eligibility



Nunavut businesses, in Group 3 and 4 communities. Group 1 and 2 communities are eligible provided that the potential for market disruption does not exist. Shareholders must contribute or else demonstrate an inability to contribute fully to the recovery plan or wind down as the case may be. In the case of wind down assistance, eligibility is limited to Nunavut businesses whose net worth is negative or negligible and which will not likely become viable with assistance.

Review

Applications for assistance will be reviewed by the relevant ED&T Director of Community Operations, or his/her designate.

Supporting Data

Applicants must submit a completed and signed application form. Applicants will normally be expected to provide the following:

- (a) historical financial statements;
- (b) in the case of wind down assistance, an undertaking from the principals that the business will actually be wound down.

Applicants must submit additional information, if requested, appropriate to the nature and amount of the requested assistance.

Accountability Requirements

A Level 3 Audit will be required.

Financial Assistance

Maximum assistance available is \$25,000. Depending upon circumstances, the following types of assistance may be provided:

- (a) For problem identification:
 - (i) professional services;
 - (ii) emergency, short-term operational requirements.
- (b) For recovery plan development:
 - (i) professional business counselling and advice (i.e. legal, accounting, etc.);
 - (ii) appraisal of assets;
 - (iii) preparation of a recovery plan document or business prospectus to attract investors or potential buyers.
- (c) For recovery plan implementation:
 - (i) short-term operational requirements;
 - (ii) minor capital costs.
- (d) For wind down assistance:
 - (i) professional services. Wind down assistance is **not** intended to cover existing business debts or for the payment of credit arrears.



Payment

Specific payment terms and conditions will be contained in the Contribution Agreement. In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Term

This is an ongoing program.

Schedule F

Contributions for Small Business, the Arts, and Traditional Economies

Purpose

Small businesses which employ others, self employed entrepreneurs, arts and crafts producers or commercial renewable resource harvesters are an important source of community economic activity which normal business funding programs may not adequately address.

Eligibility

All Small Businesses (as defined within this policy), self employed entrepreneurs, outfitters, guides, and adventure tour operators, arts and crafts producers or commercial renewable resource harvesters are eligible for assistance.

Only outfitters guides and tour operators that are less than three years old and have business revenues under a total allowable maximum of \$50,000 will be deemed eligible.

Review

Applications for assistance will be reviewed by the relevant ED&T Director of Community Operations, or his/her designate.

Supporting Data

Applications for financial assistance will include:

- (a) an indication of need, including disclosure of any other funding to be applied for or received;
- (b) a demonstration of commitment to the future of the business activity;
- (c) an estimation of the expected, income and employment benefits;
- (d) cost quotations for goods or services to be purchased;



(e) any other information related to the proposal requested by the Relevant ED&T Director of Community Operations, or his/her designate.

(f) applicants applying for insurance relief must be able to demonstrate either significant increases over past premium costs or for new and emerging businesses they must be able to demonstrate an indication of need.

Accountability Requirements

No Audit will be required under this schedule. Within the fiscal year of the payment of the accountable contribution, all applicants will be required to provide to the relevant ED&T Director of Community Operations, or his/her designate all original invoices and/or receipts for all eligible materials and services purchased.

Failure to provide this information within the timeframe specified will result in the applicant being deemed ineligible for future contributions and being asked to repay the relevant contribution. Until the applicant repays unaccounted for contributions he/she shall be deemed ineligible for future contributions.

The discovery of usage of funds for ineligible items under this schedule will result in the applicant being deemed ineligible for future contributions until the funding is repaid in full.

The Relevant ED&T Director of Community Operations will provide to the ED&T Deputy Minister an annual report on the contributions provided under this Schedule, including a list of the recipients and the purpose for which funds were provided.

Financial Assistance

Maximum assistance available is \$10,000 for the lifetime of the applicant, and/or \$5,000 per application. Financial assistance will be limited to the following eligible items:

(a) Assistance in overcoming immediate problems involving legal or accounting expenses or to assist with required minor capital expenditures or extraordinary costs which, if not provided, may threaten the continued viability of the business. Minor capital items may also be funded where required and beneficial and where other sources of funding are unavailable.

(b) Assistance to arts and crafts producers and renewable resource harvesters for the purchase of tools and equipment to assist them in increasing their level or quality of production and income or defraying overall costs of operation. Applicants must meet eligibility requirements.

(c) Assistance to Nunavut outfitters, guides and adventure tour operators to offset large increases in insurance premium costs. Contributions will at



maximum be for the demonstrated increase in price over similar insurance costs one year prior.

General Conditions for Assistance:

(a) The meeting of eligibility criteria under this schedule does not guarantee subsequent approval of financial support or funding to the maximum limit of this schedule.

(b) Applicants must:

(i) Demonstrate need and the potential benefits to be gained;

(ii) Demonstrate a commitment to the future of the business or proposed undertaking. Contributions will not normally be provided to replace small tools or equipment originally purchased through this Schedule or any other GN contribution programs.

(c) For assistance in off-setting high insurance premiums, the total assistance available per applicant will be limited to three years or the total allowable level whichever comes first. All applicants will be expected to apply on an annual basis for assistance. Assistance will only be provided to those outfitters and tour operators that are less than three years old are defined as a small business and have business revenues under a total allowable maximum of \$50,000. Contributions will only be provided to offset increases in premium costs over and above an accepted median value. The applicant is expected to pay the base amount calculated to be the median insurance premium paid by operators in 2000.

(d) As available funds are limited, preference will be given to those applications that provide for direct employment and/or income from the proposed activity.

Term

This is an ongoing program.

Appendix I

Market Disruption

For the purposes of this Policy and Directive, consideration of potential market disruption will only apply to Business Creation, Expansion or Investments (see Schedule B) when the community where the investment occurs already has a similar legitimate business, (i.e., one that employs full-time staff, has "store frontage", and is accessible to its entire potential market).



Exceptions to this will only be considered when it can be demonstrated that a substantial portion of the market cannot be served by existing businesses and that existing businesses will not be seriously negatively impacted by the proposed project.

Establishing a business in a community which is being served by a business not in that community shall not be considered market disruptive.

Procedure

If a proposal or project results in potential market disruption, the following procedures shall apply.

1. The applicant must show that there is room in the market place for increased competition.
2. If the expected contribution is less than \$50,000, ED&T will contact competing businesses and inform them of the proposal (competing businesses will have a specified time limit to voice any objections to ED&T, and the onus shall be on the competing business to demonstrate that disruption to its market will occur).
3. If the contribution is expected to exceed \$50,000, ED&T will contact competing businesses and may advertise within the local or regional newspaper, inviting competing businesses to demonstrate potential market disruption. Alternate methods of proving market disruption will be used where appropriate.

Appendix II

For the purpose of this policy, communities in Nunavut are categorized as follows:

Group 1 Iqaluit

Group 2 Rankin Inlet, Cambridge Bay

Group 3 Arviat, Baker Lake, Cape Dorset, Gjoa Haven, Igloolik, Kugluktuk, Pangnirtung, Pond Inlet.

Group 4 Arctic Bay, Chesterfield Inlet, Clyde River, Coral Harbour, Grise Fiord, Hall Beach, Kimmirut, Kugaaruk, Qikiqtarjuaq, Repulse Bay, Resolute Bay, Sanikiluaq, Taloyoak, Whale Cove.