



Economic Development & Transportation

SMALL BUSINESS SUPPORT PROGRAM POLICY

POLICY STATEMENT

The Department of Economic Development & Transportation is committed to supporting small businesses and community-based economic development by providing assistance to new and existing small businesses through investment in new business attraction, retention and expansion.

PRINCIPLES

This policy is based on the following principles:

- Business activities will respect *Inuit Qaujimagatuqangit* concepts of *Pilimmaksarniq/Pijariuqsarniq* (development of skills), *Qanuqtuurniq* (being innovative and resourceful), and *Piliriqatigiinniq/Ikajuqtigiinniq* (working together).
- Information will be shared between all parties on the basis of two-way communication.
- 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.
- Public funds will be directed toward the projects that demonstrate the greatest economic return and job creation.
- Business and economic growth will be fostered in ways that are acceptable to community values.

APPLICATION

The *Small Business Support Program Policy* establishes the general terms and conditions by which small business support and entrepreneur development funding will be provided by the Department of Economic Development & Transportation through:

- A. Small Business Opportunities Fund (Schedule A)
- B. Entrepreneur Development Fund (Schedule B)
- C. Sustainable Livelihood Fund (Schedule C)

DEFINITIONS

Contribution Agreement

A contractual agreement between two parties, which outlines the obligations and reporting responsibilities of the parties involved.

Department

The Department of Economic Development & Transportation.

Nunavummi Nangminiqagtunik Ikajuuti (NNI Policy)

Government of Nunavut contracting policy for the procurement of goods and services as articulated in Article 24 of the Nunavut Land Claims Agreement and implemented through the *NNI Policy*.

Nunavut Business

A business which complies with the legal requirements to carry on business in Nunavut, and meets any of the following relevant criteria:

- i) Is a limited company with at least 51% of the company's voting shares owned by Nunavut Residents, or
- ii) Is a corporation without share capital with at least 51% of the members being Nunavut Residents, or
- iii) Is a cooperative with at least 51% of the residents' voting shares owned by Nunavut Residents, or
- iv) Is a sole proprietorship, the proprietor of which is a Nunavut Resident, or
- v) Is a society with at least 51% of the memberships owned by Nunavut Residents, or
- vi) Is a partnership, the majority interest in which is held by Nunavut Residents and in which the majority benefits accrue to Nunavut Residents, or
- vii) A business listed in the *Nunavummi Nangminiqagtunik Ikajuuti* Business Directory.

The business must also:

- Maintain a registered office in Nunavut on an annual basis for the primary purpose of operating the subject business;
- Maintain a Resident Manager within Nunavut; and
- Undertake the majority of its day-to-day operations within Nunavut

Nunavut Organizations

Societies registered under the *Nunavut Societies Act*, not-for-profit corporations registered under the *Canada Corporations Act*, and *municipal corporations* for the purpose of delivering industry-wide programs in Nunavut or in a Nunavut region.

Nunavut Resident

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

Nunavut Small Business

A Nunavut small business includes any of the following:

- Nunavut Business, typically with less than \$500,000 in annual gross sales or fewer than 10 employees; or
- Artist, craftsman or performing artist who makes all or part of their income through the sale of products they produce or plan to produce; or
- A Nunavut Outfitter with a licence, with less than \$500,000 in annual gross sales; or
- 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

Executive Council

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

Financial Management Board

The Financial Management Board 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.

ROLES AND RESPONSIBILITIES

Minister

The Minister will table annually in the Legislative Assembly a summary of contributions detailing the name of each successful applicant, amount of each contribution, the type of investment being supported, and community.

The Minister may delegate authority to implement provisions of this policy to the department head.

Department

The department head, or their designated lead senior official, shall establish and communicate clear and transparent procedures and criteria for allocation of funds under this policy. This will include guidelines that address:

- Application Process
- Evaluation Criteria
- Terms and Conditions

At any time, the department may request applicants submit additional information appropriate to the nature and amount of the requested assistance.

The department may:

- i) Conditionally approve multi-year projects, subject to availability of funds in subsequent years.
- ii) Establish limits for maximum and minimum funds available to any one applicant under this policy for single-year and multi-year projects.
- iii) Engage third-party expertise and/or establish review teams to assist in selection and due-diligence review of submitted applications.
- iv) Set minimum equity contribution levels for applicants under any or all schedules to this policy. These equity contribution levels may vary according to the community in which the applicant business operates.

Provisions

General Conditions

- All provisions contained in the *Financial Administration Act, Government Contract Regulations* and the Financial Administration Manual shall apply to the financial administration of all contributions issued by the Department.
- Eligibility for funding under this policy does not guarantee subsequent approval for financial assistance of any kind. Financial assistance will be provided to those eligible projects for which the business can be reasonably expected to achieve viability. Financial assistance will be provided only to the limit and availability of funding allocated to this policy within the main estimates of the budget.
- Proposals selected to receive contributions under this program may be funded at a level below the amount requested.
- All recipients of contribution assistance must permit the department access to the project site or premises, to inspect all books and other financial statements related to the project, and to obtain any other information necessary for evaluating the success of the project.

- Contributions will only be provided to the extent the applicant can demonstrate a need for additional capital to allow the business an opportunity to achieve viability.
- 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.
- Whenever possible the project or activity shall use Nunavut goods and services.
- Projects that support the expansion or establishment of a business that will have a substantial negative impact on the sales or market of another business may not be funded.
- Recipients must report any amounts owing to the Government of Nunavut, under legislation or an agreement. Recipients must recognize that amounts due to the recipient may be off-set against amounts owing to the Government of Nunavut.
- Recipients which access funding may be required to provide acknowledgment to the Government of Nunavut. Specific terms will vary depending on the project and will be contained in the Contribution Agreement.

Appeals

In the event that an applicant is not satisfied with the application decision, the applicant may appeal to the department head in writing no later than 30 days following the date that the applicant has received notification of the decision. Grounds for appeal will only be considered if:

- New information which affects the applicant's demonstrated need, viability or proposed benefits becomes available after an application has been submitted, and a decision made; or
- Cause to believe that the provisions of this policy were not fairly and adequately applied.

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, 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 March 31, 2011.

SCHEDULE A: SMALL BUSINESS OPPORTUNITIES FUND

1. Purpose

The *Small Business Opportunities Fund* supports new and expanding small businesses managed by capable entrepreneurs who have identified promising business opportunities. The fund provides accountable contributions to offset costs associated with a wide range of planning, start-up, expansion, and marketing activities. The fund also provides assistance for small businesses facing viability or wind-down challenges.

2. Eligible Applicants

Nunavut Small Businesses and Residents. Applicants may be required to show proof of capability through completion of business skills training or past business success.

3. Review

The department's Community Operations staff will review applications and provide a preliminary response to the applicant within 15 working days of receipt.

4. Supporting Data

Applicants must submit a completed and signed application form, as well as supporting information required to assess eligibility and need. This may include:

- For business research/planning assistance, a plan outlining the activity and including a detailed budget, schedule, cost quotations.
- For demonstration/pilot projects, a development plan which outlines the scope and intent of the project, including a detailed budget, schedule, cost quotations, and any supporting technical documentation.
- For capital asset acquisition/development, the business rationale for the acquisition should be provided, along with a detailed budget, schedule of activities, cost quotations, and any supporting documentation deemed appropriate.
- For market development assistance, a three-year marketing plan which shows how the proposed contribution will help the applicant to penetrate a new market or market a product.
- In the case of wind down assistance, an undertaking from the principal shareholders that the business will actually be wound down.
- All applicants are expected to indicate the outside services to be used in the project, including consulting fees, printing, translation, freight, legal and other contracts.

- Historical financial statements may be requested.

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

5. Financial Assistance For Eligible Activities

Financial Assistance may be provided for the following eligible activities:

- i) Costs associated with business planning, feasibility and engineering studies, legal and regulatory costs, and other pre-establishment or pre-expansion development costs. Assistance is limited to a maximum of 75% of eligible costs.
- ii) Establishment of demonstration or pilot projects to test the application of new technology such as the purchase of equipment and materials, leasing of equipment and/or facilities, and contracted costs of technical support. Assistance is limited to a maximum of 80% of eligible costs.
- iii) Acquisition or development of capital assets such as buildings and land, equipment, leasehold improvements, and site development costs. Assistance is limited to 50% of total eligible costs.
- iv) Assistance to fill gaps in working capital for small businesses during start-up or major expansions. Maximum assistance is limited to \$25,000.
- v) Market development and product launch into new markets, including support for trade show participation and developing/maintaining contacts in local and export markets. Assistance is limited to a maximum of 70% of eligible costs.
- vi) Access to professional services to identify problems prior to developing a recovery plan or to develop a recovery plan. Assistance is limited to a maximum of \$25,000 of eligible costs.

6. 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 pro-rated surplus will be repayable to the department.

7. Term

This is an ongoing program.

SCHEDULE B: ENTREPRENEUR DEVELOPMENT FUND

1. Purpose

The *Entrepreneur Development Fund* supports the acquisition of foundational entrepreneurship and business skills by Nunavut residents and businesses by improving the availability of on-going assistance to small business operators. The fund will also help to build the capacity of Nunavut organizations and business service-providers to deliver services and training in the areas of entrepreneurship capacity, business aftercare or tourism safety and risk management.¹

2. Eligibility

Nunavut Businesses, Residents and Organizations.

3. Review

The department will review applications and provide a preliminary response to the applicant within 15 working days of receipt.

4. Supporting Data

Applicants must submit a completed and signed application form, as well as supporting information required to assess eligibility and need. This may include:

- For Nunavut Organizations delivering services, a detailed plan of the entrepreneur development, business aftercare, or tourism risk management program to be delivered. This plan should outline the rationale and benefits of the program, identify the anticipated clients who will use the services, identify the qualifications of the people who will provide services, and provide a detailed budget.
- For individuals and businesses, a description of the services to be acquired on the 'open market', the business rationale for seeking these services, the qualifications of the service-provider, and a detailed budget.

5. Financial Assistance for Eligible Activities

Financial Assistance may be provided for the following eligible activities:

- i) Establishment of business aftercare programs by Nunavut organizations. Assistance is limited to a maximum of 80% of the additional cost for program delivery.

¹ For the purposes of this policy, risk management is defined as processes or activities whereby a business minimizes the likelihood or consequences of disastrous events. Examples include, but are not limited to, implementing policies and procedures, developing waivers, conducting safety evaluation or audits, and disaster response planning.

- ii) Where no relevant services are offered by Nunavut organizations, purchase by individual businesses for required aftercare services from other sources of entrepreneurial, management, and business capacity support is eligible. Assistance is limited to a maximum of 70% of eligible costs.
- iii) Eligible activities must fall into one or more of the following categories: entrepreneur development, business aftercare, or tourism safety and risk management.

6. 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 pro-rated surplus will be repayable to the department.

7. Term

This is an ongoing program.

SCHEDULE C: SUSTAINABLE LIVELIHOOD FUND

1. Purpose

The *Sustainable Livelihood Fund* provides access to small-scale contributions for tools, equipment and other expenses necessary for operation in the small business, arts and crafts, community-based tourism, and traditional economy sectors. The purpose of the program is to support small businesses, which employ others, self-employed entrepreneurs, arts and crafts producers, outfitters or commercial renewable resource harvesters.

2. Eligible Applicants

Small Businesses, self-employed entrepreneurs, outfitters, guides, adventure tour operators, arts and crafts producers, or commercial renewable resource harvesters.

3. Review

The department will review applications and provide a preliminary response to the applicant within 15 working days of receipt.

4. Supporting Data

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

- indication of need, including disclosure of any other funding to be applied for or received;
- demonstration of commitment to the future of the business activity;
- estimated income and employment generation;
- cost quotations for goods or services to be purchased;
- application for a license (Nunavut outfitters and adventure tour operators); and,
- other relevant information related to the proposal requested by the Department.

5. Financial Assistance

Maximum assistance available is \$10,000 for the lifetime of the applicant, or \$5,000 per application, except in the case of liability insurance, where assistance is limited to a maximum of \$1,750 per application. Where exceptional need can be demonstrated, the limit per application may be increased.

Financial assistance will be limited to the following eligible items:

- i) 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.
- ii) 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.
- iii) Assistance to Nunavut outfitters, guides and adventure tour operators for the cost of liability insurance as required under the *Travel and Tourism Act* and regulations. Contributions will be limited to the lesser of 50 per cent of cost or \$1,750.

6. 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 surplus will be repayable to the department.

7. Term

This is an ongoing program