

**LEGISLATIVE ASSEMBLY OF THE  
NORTHWEST TERRITORIES  
9<sup>TH</sup> ASSEMBLY, 10<sup>TH</sup> SESSION**

**TABLED DOCUMENT NO. 37-83(1)**

**TABLED ON MAY 17, 1983**

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Tabled May 17/83

Northwest Territories  
Business Loans  
and Guarantees Fund  
Annual Report  
1981-82

May 10, 1983

MINISTER,  
DEPARTMENT OF ECONOMIC  
DEVELOPMENT & TOURISM.

In accordance with the provisions of the Northwest Territories  
Business Loans and Guarantees Ordinance, I am pleased to  
enclose the report of the Fund for the year ended March 31, 1982  
to be tabled at the Legislative Assembly of the Northwest  
Territories.



L.D. Gilberg,  
Chairman,  
N.W.T. Business Loans  
and Guarantees Board.

Attachment.

**Northwest Territories  
Business Loans and Guarantees Fund  
Annual Report 1981-1982**

The Northwest Territories Small Business Loan Fund was created in 1970 by the Department of Indian and Northern Affairs to provide business financing to people who were unable to obtain funds on reasonable terms and conditions from conventional sources to create, purchase or expand a business in the Northwest Territories. The fund was capitalized at 5 million dollars with annual drawdown of 6 hundred thousand dollars until the 5 million total was reached at which point the fund was supposed to self-sustaining.

Administration of the fund was provided by the Department of Economic Development and Tourism to a "Board" appointed by the Commissioner. The Board was composed of 6 members of which two were from the Department and four from the commercial sector of the Northwest Territories who met when sufficient applications were received to warrant a meeting.

In 1977-78 the fund was transferred to the Government of the Northwest Territories by the Department of Indian and Northern Affairs whereupon enabling legislation was created under which it could act. Two major changes were incorporated at that time to broaden the applicability of the fund. They were: the increase of the loan ceiling from 50 to 100 thousand dollars to provide for inflationary pressures and the greater needs of businesses; and the provision of guaranteed bank loans to the same limit as direct loans.

In 1981-82 the enabling legislation was amended to provide for the greater needs of the business community especially those associated with petroleum exploration and development, the loss in value of the Canadian dollar because of inflation and certain working capital needs of northern businesses. The amendment to the Ordinance provided for:

- a) removal of the word "small" to provide funding for any northern business;

- b) an increase to the Loan Fund to a maximum of 11 million dollars with annual drawdowns of 1 million dollars;
- c) an increase to individual loan ceilings to 500 thousand dollars from the previous 100 thousand dollars limit; and
- d) working capital financing for clients.

These amendments to the legislation were made near the end of the fiscal year and as a result their effect will be manifested in 1982-83.

The Northwest Territories Business Loan Fund under the sponsorship of the Government of the Northwest Territories and the Eskimo Loan Fund under the sponsorship of the Department of Indian and Northern Affairs are parallel funds operating in a similar manner with Boards of the same size. The B.L.F. Board meets approximately every 7 weeks while the E.L.F. Board meets at approximately 3 month intervals. During the year, each Board member was made a member of the other Board so that the two groups could alternate meetings with a group meeting every month to consider all applications for both funds. The total number of meetings were reduced and operating efficiency increased through the greater frequency of combined meetings.

The year 1981-82 saw an economic slowdown in many parts of the Northwest Territories, particularly those areas dependent on mineral exploration. This exploration activity was a substantial part of the northern economy which made itself felt throughout the "Territories". However, preparations in the petroleum industry refinery at Norman Wells and the proposed Norman Wells - ZAMA Pipeline resulted in a substantial increase in loan activity towards the year end, which will undoubtedly increase in the next several years as the project gets underway. The other main factor to influence the fund also occurred very near to the year end; recessionary pressure to reduce working capital needs were felt by businesses towards the year end. This trend will likely be felt to a greater extent in the coming year.

The number of loans and guarantees approved during the year totalled 41, the busiest year of the fund's history, being about 2 1/2 times the average

loans approved. The \$875,100 total of loans and guarantees issued during 1981-82 is about equal to last year's total. The distribution of the loans issued was predominantly to the Inuvik, Keewatin and Fort Smith Regions and attributed to general business in the Fort Smith and Keewatin Region, and petroleum exploration and development in the Inuvik Region. The average size of loans issued remained about the same as previous years. Interest revenues for the year amounted to \$391,922 and were placed in the general revenue of the Northwest Territories. The interest revenue was 27 percent over the previous year and represented 11.8 percent return on the capital invested in loans at year end as compared with 10.5 percent a year ago. The increase in interest revenue is totally a result of the increase in interest rates. The interest revenues of the fund were approximately equal to the combined costs to administer the Eskimo and Small Business Loan Fund.

The Small Business Loan Fund Board, appointed by the Commissioner, is composed of a chairman and one member from the Department of Economic Development and Tourism and four members from the business community. The Deputy Minister of the Department is one of the members and is the Board Chairman. The other Departmental member is the Chief of Commerce Division, who assumes the chair in the absence of the chairman. The composition of the Board in 1981-82 was:

Rod Morrison	G.N.W.T.	Chairman
C.A. Bennett	G.N.W.T.	Member
D. Bossert	Businessman	Member
R. Hardy	Businessman	Member
A. Semmler	Businesswoman	Member
D. Webb	Businessman	Member

During the year the Board held 7 meetings and three phone poll sessions to consider 51 applications, approve 41 and reject 10.

The administration of the fund is the responsibility of the Financial Services Section, Division of Commerce, Department of Economic Development and Tourism. This section, composed of six persons, administers two funds.

In addition to the Small Business Loan and Guarantees Fund, which fund comprises about 40 percent of the volume of the section.

Loans written off before 1980 totalled 11 and amount to a \$168,977.46 loss of principal or 3.2% of loans issued. In the new year an additional submission for write off for 13 loans totalling \$199,345.74 will be made. This will bring the total write off to 3.6% of loans issued.

The forecast write off of loans has consistently been about 9 percent and is again expected to reach that level as a result of economic conditions in the country.

The fund currently assists small businesses in all regions of the Northwest Territories. The businesses supported by the fund in 1981-82 employed 860 full time and 400 part time persons at an average wage of \$10,500 for a total payroll of approximately 11 million dollars. Therefore, for every \$7,000 loaned to businesses in the Northwest Territories one job is created.

SMALL BUSINESS LOANS AND GUARANTEES FUND  
STATEMENT OF REVENUES AND DISBURSEMENTS

for the fiscal period  
April 1, 1981 to March 31, 1982

REVENUES

Payments	\$ 1,139,182.00
	<u>\$ 1,139,182.00</u>
	*****

DISBURSEMENTS

Principal portion to revolving funds	\$ 747,260.00
Interest to General Revenues	391,922.00
	<u>\$ 1,139,182.00</u>
	*****



**SMALL BUSINESS LOANS AND GUARANTEES FUND  
STATEMENT OF ASSETS AND LIABILITIES**

**as at March 31, 1982**

**ASSETS**

Cash	\$ 1,678,457.00
Loans Receivable	3,321,543.00
	<u>5,000,000.00</u>
	*****

**LIABILITIES**

Small Business Loans and Guarantees Revolving Fund	\$ 5,000,000.00
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**SMALL BUSINESS LOANS AND GUARANTEES FUND  
DISTRIBUTION OF LOANS ISSUED**

1981-82

<b>REGIONS</b>	<b>NO. OF LOANS</b>	<b>AMOUNT</b>	<b>\$ LOANS</b>
Baffin	1	\$ 25,000	0.7
Fort Smith	1	35,000	4.9
Cambridge Bay	2	32,250	4.5
Inuvik	5	332,000	46.2
Keeewatin	1	100,000	13.9
Yellowknife	4	213,700	29.8
	<hr/>	<hr/>	<hr/>
	14	\$ 718,100	100
<b>SIZE</b>			
Up to \$10,000	2	\$ 12,400	1.7
\$10,000 to \$25,000	4	84,000	11.7
\$25,000 to \$50,000	2	63,700	8.9
\$50,000 to \$100,000	6	558,000	77.7
	<hr/>	<hr/>	<hr/>
	14	\$ 718,100	100
<b>INDUSTRY GROUPING</b>			
Agricultural	-	-	-
General Construction	1	\$ 25,000	3.5
Municipal Services	-	-	-
Resource Harvesting	-	-	-
Retail	-	-	-
Service	3	188,700	26.3
Tourism & Food Services	2	32,250	4.5
Transport	4	169,000	23.5
Trucking	-	-	-
Other	4	303,150	42.2
	<hr/>	<hr/>	<hr/>
	12	\$ 718,100	100

SMALL BUSINESS LOANS AND GUARANTEES FUND

INDUSTRY GROUPING AS AT MARCH 31, 1982

INDUSTRY GROUPING	NO. OF LOANS	VALUE	% OF PORTFOLIO
Consumer	6	\$ 83,450	2.5
General Construction	5	196,561	5.8
Municipal Services	3	4,098	0.1
Other	20	663,866	21.7
Resource Harvesting	21	218,500	6.4
Retail	10	315,811	9.3
Tourism & Food Services	14	300,708	8.9
Transport	25	870,080	25.6
Trucking	6	183,940	5.4
	<u>104</u>	<u>\$3,321,543</u>	<u>100</u>

SMALL BUSINESS LOANS AND GUARANTEES FUND

REGIONAL DISTRIBUTION OF LOANS

as at March 31, 1982

REGIONAL	NO. OF LOANS	VALUE	% OF PORTFOLIO
Baffin Region	6	\$ 98,220	3.0
Fort Smith Region	89	1,963,437	59.1
Cambridge Bay Region	6	117,902	3.6
Inuvik Region	26	843,796	25.5
Keewatin Region	9	293,133	8.8
	-----	-----	-----
	136	\$ 3,321,543	100.00

SIZE

Up to \$10,000	47	\$ 190,117	5.7
\$10,000 to \$25,000	42	757,658	22.8
\$25,000 to \$50,000	29	994,744	30.00
\$50,000 to \$100,000	18	1,378,964	41.5
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	136	\$ 3,321,543	100.00

LEGEND  
LOANS  
GUARANTEES



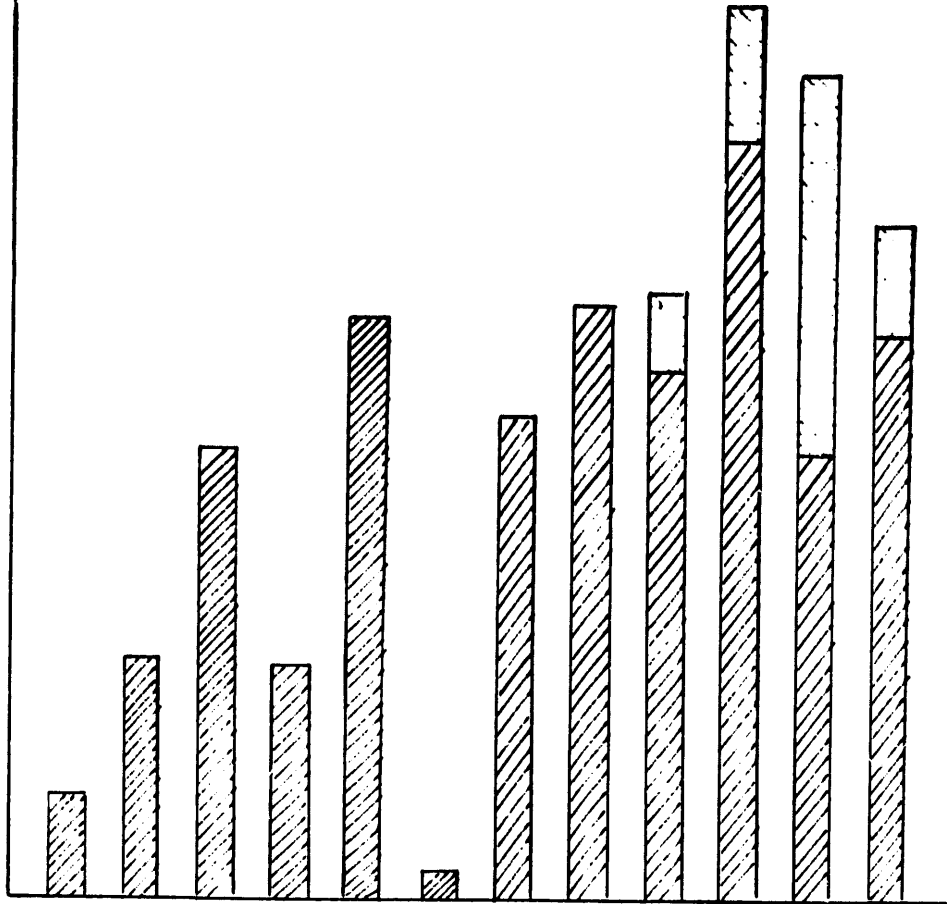
SMALL BUSINESS LOANS AND GUARANTEES FUND

ANNUAL VALUE OF LOANS AND GUARANTEES ISSUED

1970 - 1982

DOLLARS (000)

1,100  
1,000  
900  
800  
700  
600  
500  
400  
300  
200  
100



1970-71

1971-72

1972-73

1973-74

1974-75

1975-76

1976-77

1977-78

1978-79

1979-80

1980-81

1981-82

LEGEND



LOANS



SMALL BUSINESS LOANS AND GUARANTEES FUND

ANNUAL VALUE OF PRINCIPAL REPAYED

1970 - 1982

DOLLARS (000)

1,100

1,000

900

800

700

600

500

400

300

200

100

1970-71

1971-72

1972-73

1973-74

1974-75

1975-76

1976-77

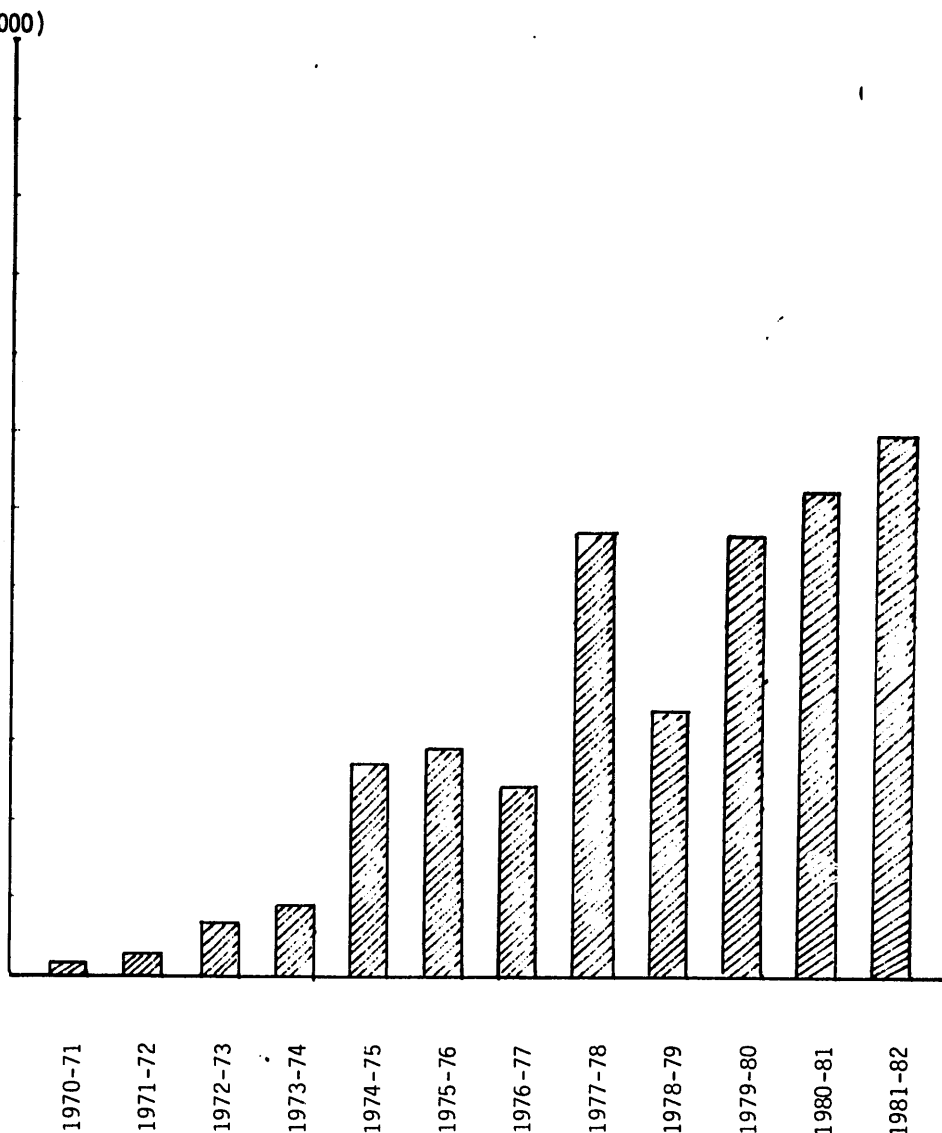
1977-78

1978-79

1979-80

1980-81

1981-82

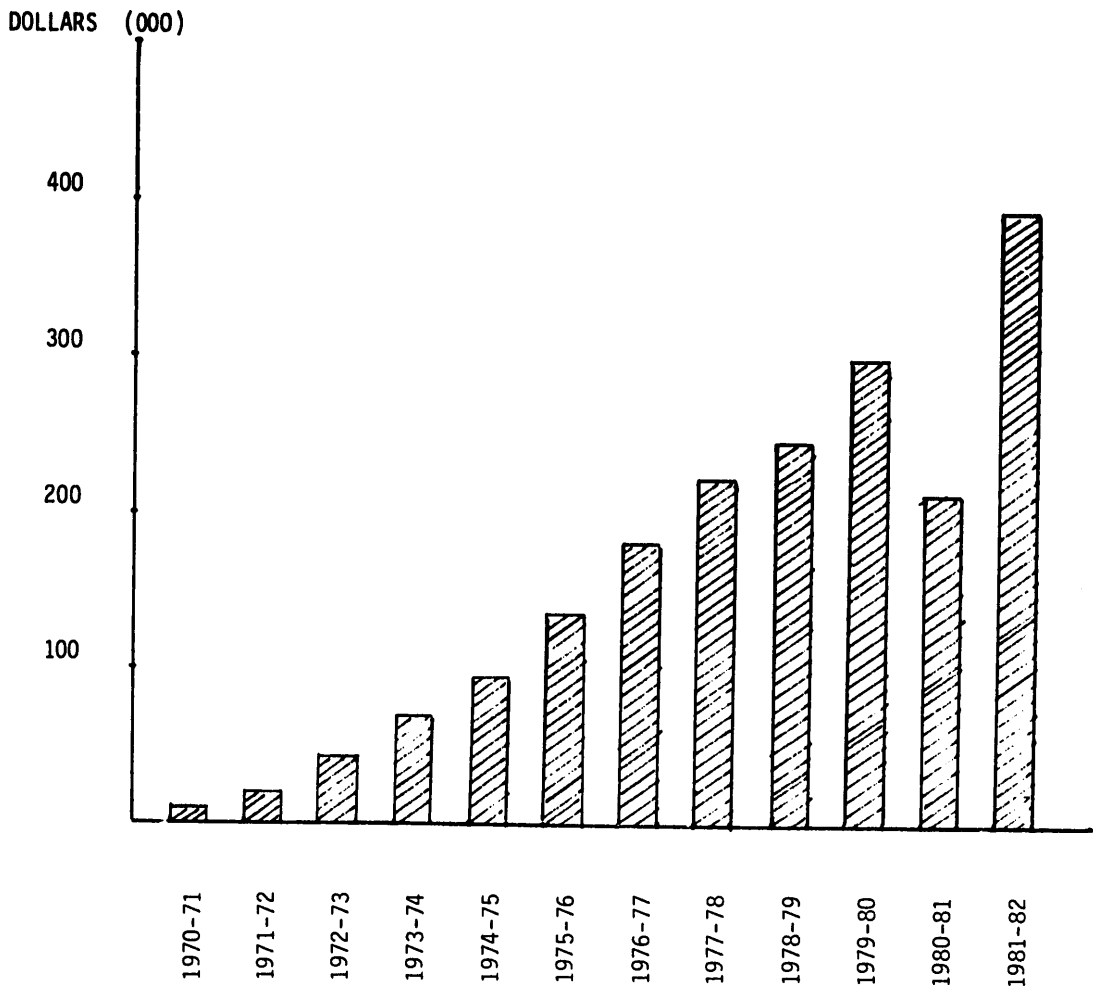


LEGEND  
LOANS  
GUARANTEES



SMALL BUSINESS LOANS AND GUARANTEES FUND

ANNUAL VALUE OF INTEREST REVENUE



SMALL BUSINESS LOANS AND GUARANTEES FUND

LOAN FUND STATISTICAL REVIEW

FROM INCEPTION OF PROGRAM

	1970-71	1971-72	1972-73	1973-74	1974-75	1975-76
Applications Received	18	33	51	43	79	40
Loans Approved	7	14	24	16	37	15
Value of Loans Issued	\$115,500	\$306,058	\$595,380	\$291,400	\$748,600	\$ 33,500
Value of Guarantees Issued						
Principal Repaid	\$ 2,095	\$ 19,202	\$ 53,218	\$ 93,846	\$233,747	\$287,255
No. of Loans Repaid	-	-	1	2	8	6
Foreclosures or Write offs	-	-	-	-	-	3
Principal Outstanding	\$113,405	\$400,261	\$942,423	\$1,139,977	\$1,690,830	\$1,737,074
Interest Received	\$ 415	\$ 17,862	\$ 34,042	\$ 72,607	\$ 92,538	\$ 135,279



SMALL BUSINESS LOANS AND GUARANTEES FUND

LOAN FUND STATISTICAL REVIEW

FROM INCEPTION OF PROGRAM

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82
Applications Received	41	42	48	33	35	51
Loans Approved	17	19	18	18	8	41
Value of Loans Issued \$	627,345	\$ 770,399	\$ 683,709	\$ 942,029	\$ 587,400	\$ 718,100
Value of Guarantees Issued			\$ 100,000	\$ 161,400	\$ 471,200	\$ 157,000
Principal Repaid \$	222,254	\$ 569,799	\$ 341,229	\$ 560,589	\$ 611,585	\$ 747,260
No. of Loans Repaid	6	15	9	15	8	4
Foreclosures or Write offs	6	8	10	6	-0-	2
Principal Outstanding	\$2,142,165	\$2,342,765	\$2,685,245	\$2,966,609	\$2,942,424	\$3,321,543
Interest Received \$	180,876	\$ 224,286	\$ 237,671	\$ 295,573	\$ 207,555	\$ 391,922