



2007-2008 Corporate Plan





2007-2008 Corporate Plan

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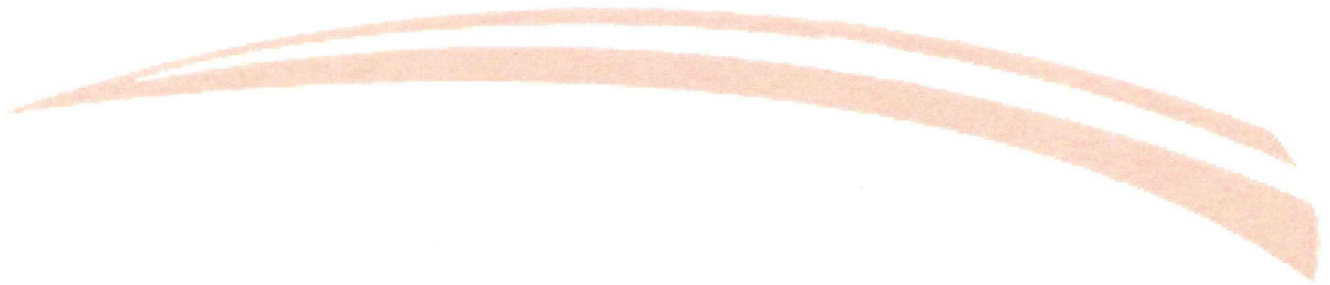
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Introduction

The Northwest Territories Business Development and Investment Corporation (BDIC) was established on April 1, 2005 and is now entering its third year of operations. The BDIC Act mandates the BDIC to:

... support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the Northwest Territories by

- a) encouraging the creation and development of business enterprises;*
- b) providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;*
- c) directly investing in business enterprises; and*
- d) providing information to business enterprises and members of the public respecting*
 - i. the establishment and operation of businesses, and*
 - ii. other business matters.*

The establishment of the BDIC streamlines and improves the coordination of the GNWT's business assistance programs, allowing for more flexibility in the delivery of programs and a broader range of services, including business information services.

In 2007/2008, the BDIC will continue to work towards:

- Increasing the use of its programs across the Northwest Territories
- Enhancing clients' business skills capacity
- Improving the effectiveness and efficiency of program delivery

These efforts support progress towards the GNWT's vision for the Northwest Territories:

Self-reliant individuals and families sharing the rewards and responsibilities of healthy communities and a prosperous and unified Northwest Territories.

Our Programs

The BDIC Act enables the BDIC to be flexible in developing and delivering business programs to meet its mandate and fulfill its vision and mission. The BDIC currently offers financial programs and business services to its clients.

The BDIC's programs and services are available to any new or existing business in the Northwest Territories.

Financial Support Available from the BDIC

Credit Facilities – Loans, contract securities, and letters of credit to suppliers.

Venture Investments – Long-term investments in businesses in return for preferred shares.

Contributions – Financial assistance for start-up and expansion projects.

Subsidiary Companies – Companies co-owned by the BDIC to create and/or maintain employment within the community.

Credit Facilities and Venture Investments

Through the Credit Facilities program, the BDIC lends to northern businesses where conventional lending institutions are not prepared to participate and to businesses in communities where a commercial bank is not operating. The terms can be flexible to meet the needs of individual clients. The BDIC also provides contract security to businesses for bid and performance bonds and Letters of Credit to support businesses in obtaining credit from their suppliers. In 2006/2007, the BDIC's Credit Facilities program portfolio was approximately \$45,000,000.

The BDIC's Venture Investment program is a vehicle for providing long term patient capital to enhance clients' ongoing stake in a business or project. The BDIC invests in return for preferred shares. The client buys back the preferred shares from the BDIC over time and may also pay dividends to the BDIC. In 2006/2007, the BDIC's Venture Investment program portfolio was approximately \$2,300,000 and several of the BDIC's venture investments bought back the last of their preferred shares from the BDIC.

The maximum amount of funding the BDIC can provide to a business or group of related businesses under the Credit Facilities and Venture Investment programs is \$2 million. In addition, the amount of venture investment funding available is tied to the number of jobs to be created and/or maintained by the business.

Contributions

The BDIC offers contributions for start-up and expansion projects, including feasibility assessments, development of new products, preparation of marketing and/or business plans and pilot projects. Contributions are small amounts of funding which the client may not repay. The lifetime maximum contribution funding available is \$10,000 per client. In 2006/2007, the BDIC approved \$26,000 in contribution funding.

Subsidiary Companies

The BDIC owns subsidiary companies and provides them with operating funds or funds for new facilities or equipment. This funding is provided so the subsidiary can create and/or maintain employment within the community. Where necessary, the BDIC also provides a range of support services to its subsidiaries, including accounting, marketing, and general operational support. Several of the BDIC's subsidiaries promote traditional fine arts and crafts activities and the use of traditional materials, which promotes the local economy. In 2006/2007, the BDIC had six operating subsidiaries, which maintained the equivalent of 25 full-time positions in communities including Gameti, Fort Liard, Fort McPherson, Fort Providence, and Nahanni Butte. The BDIC's Subsidiary program portfolio was worth approximately \$4,200,000.

Business Service Support Available from the BDIC

The BDIC provides a range of business services to support new and existing clients through Canada Business NWT, which offers access to the internet, computer workstations and other office equipment, a library of publications, research services, and a regular series of video-conferencing sessions on topics of interest to entrepreneurs.

Canada Business NWT is housed by the BDIC and operated in partnership with Industry Canada. Its mission is to contribute to economic growth by ensuring that business people in every part of the NWT have access to accurate, timely and relevant business information through a convenient single window. It provides a wide range of information on small business programs, services and regulations to the public.

Publications and other information sources are available to northern communities through the Canada Business NWT website (www.cbnc.org/nwt). Canada Business NWT also arranges with other organizations, such as Community Futures Development Corporations, to set up access points in NWT communities. Access points consist of a computer with internet access and hard copies of documents from the Centre's library of business-related publications. There is at least one access point in each region of the NWT.

In 2006/2007, Canada Business NWT responded to over 400 inquiries and their website received over 31,000 internet visits.

Achievements in 2006/2007

In 2006/2007, the BDIC focused on the four strategic directions established in its 2006/2007 Corporate Plan:

- Increasing the use of BDIC programs by Level III communities
- Revitalizing the subsidiary program
- Enhancing clients' business skills capacity
- Continuous improvement of the effectiveness and efficiency of program delivery

- Over \$12,000,000 in credit facility applications have been received and \$7,000,000 approved.
- Level III communities originated over \$6,000,000 in credit facility applications and over \$3,000,000 in credit facility funding has been approved for Level III communities.
- \$26,000 in contribution funding has been approved, \$10,000 of which was for Level III communities.
- Over 45 video-conferencing seminars have been facilitated by Canada Business NWT in partnership with Business Link (Alberta).
- Approximately \$390,000 in subsidy payments was issued to BDIC subsidiaries, which in turn maintained approximately 25 full-time equivalent jobs with a payroll of over \$900,000.

Increasing the Use of BDIC Programs by Level III Communities

Objectives included meeting with leaders of Level III communities to build awareness of BDIC programs, assisting in the development of business plans for the opportunities identified and exploring opportunities to improve service delivery to Level III communities through partnerships and innovative programs.

Results:

- Met with community leaders in four Level III communities to build awareness of the BDIC's programs.
- Two communities have proposed business initiatives with the BDIC.
- Over 100 participants attended the 2nd Northern Economic Development Practitioners (NEDP) Conference, which was held in November 2006.

In 2007/2008, the BDIC will continue to work toward increasing the use of BDIC programs across the NWT.

Revitalizing the Subsidiary Program

Objectives included improving the sales and profitability of the producing subsidiaries, improving the performance of a subsidiary in preparation for divestment and establishing new subsidiaries.

Results:

- Subsidiary marketing capacity was improved through Arctic Canada Trading Company Ltd., a BDIC subsidiary.
- Several letters of intent to purchase a subsidiary have been received, which will be considered once the business valuation is completed.
- An application for a new subsidiary has been received and is under review.
- Work is in progress on a business plan for a second new subsidiary.

In 2007/2008, capacity building at existing subsidiaries and the consideration of applications for the establishment or purchase of subsidiaries will continue as part of the day-to-day functioning of the Subsidiary program.

Enhancing Clients' Business Skills Capacity

Objectives included broadening the range of aftercare services, capitalizing on partnership opportunities for the delivery of aftercare services, publishing a newsletter about business and economic development in the NWT and launching the BDIC website to increase awareness.

Results:

- Canada Business NWT has facilitated more than 45 video-conferencing seminars with BusinessLink (Alberta). Topics have included:
 - Small Business Start Up
 - Importing and Exporting
 - Information about the Goods and Services Tax (GST)
 - E-Commerce (also offered in French)
 - Taxation (also offered in French)
 - Marketing
 - Bookkeeping Skills
 - Accounting Information
 - Buying a Business
 - Hiring and Retention of Employees
 - Business Insurance
 - T4 Preparation
 - Growing a Business
 - Finding Funding
 - Internet Law and Web Site Development
- Video-conferencing sites were established in Yellowknife and Fort Smith, and the network is being expanded to Hay River, Fort Simpson and Norman Wells with the help of federal Strategic Investment in Northern Economic Development (SINED) funding.
- The BDIC website (www.bdic.ca) was launched on July 25, 2006. It has received over 25,000 hits to date.
- The first issue of the BDIC newsletter – *Newslink* – was published and distributed to economic development practitioners across the NWT and to other economic development agencies across Canada.

In 2007/2008, the BDIC will continue to work towards providing information and services that enhance its clients' business skills.

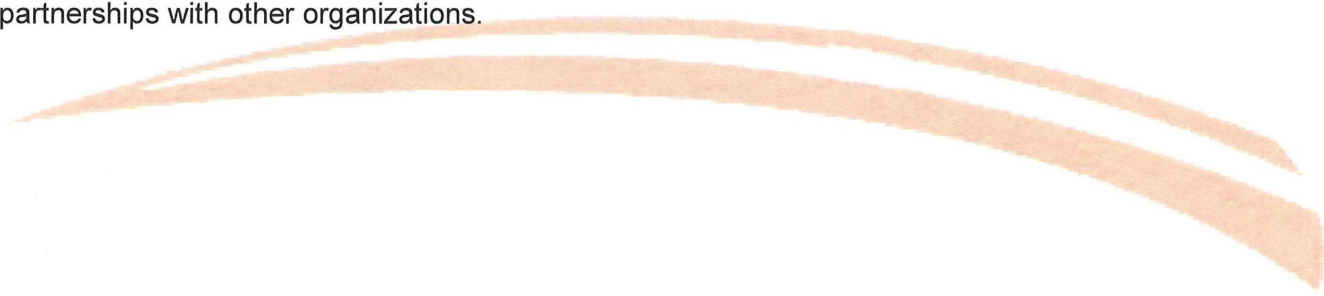
Continuous Improvement of the Effectiveness and Efficiency of Program Delivery

Objectives included establishing performance measures for the BDIC's financial programs, introducing a compliance assessment process, establishing and implementing a BDIC Partnership Framework, completing Phase II of the review of BDIC's programs and consulting with affected parties on changes arising from Phase II's recommendations.

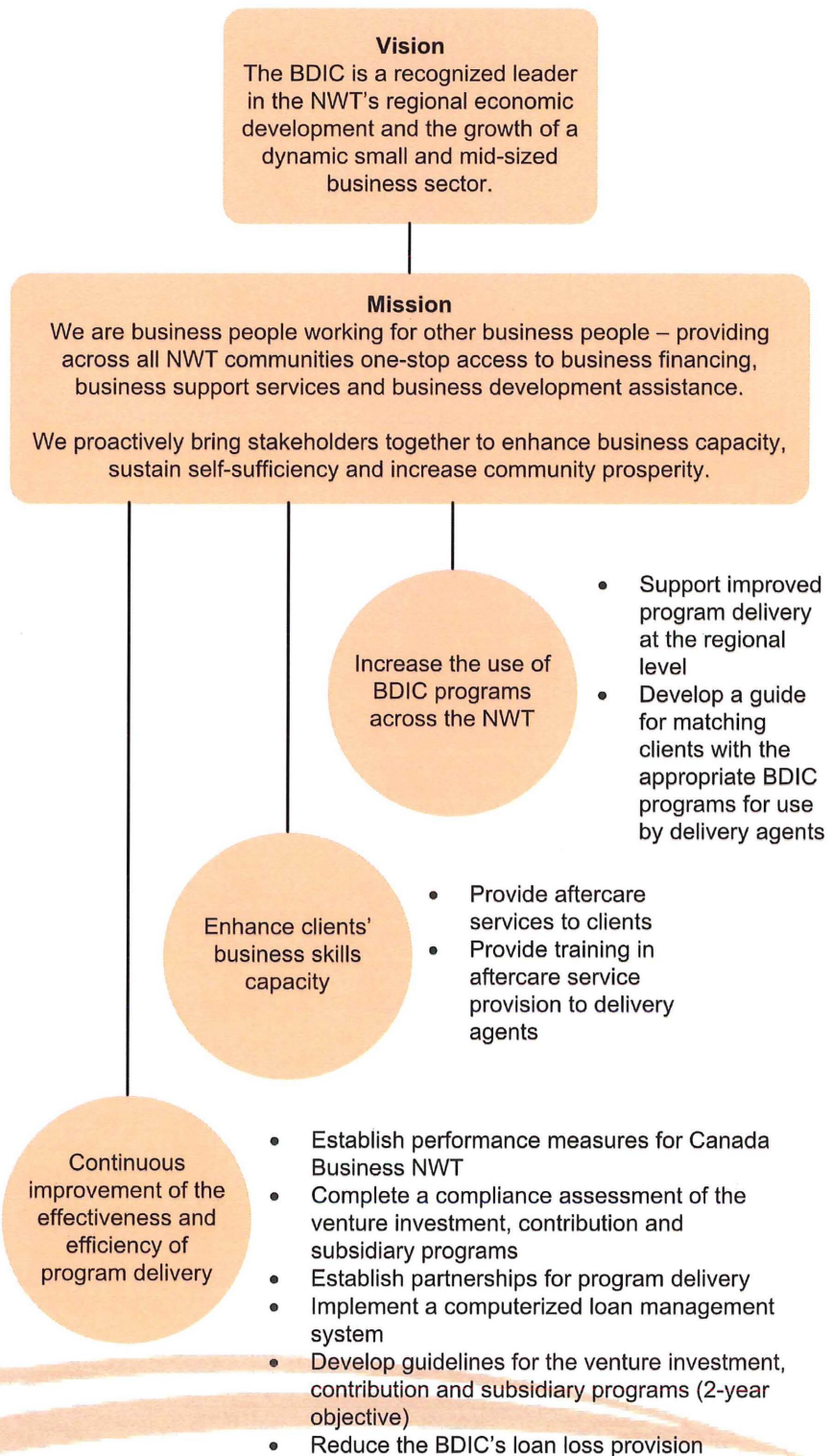
Results:

- Performance measures for the BDIC's financial programs were established.
- A compliance assessment of the Credit Facilities program was completed.
- Phase II of the program review was completed and an action plan with the Board's comments was presented to the Minister responsible for the BDIC.
- A partnership was established with the Canada Youth Business Foundation to promote delivery of its Youth Entrepreneurship Program through NWT Community Futures organizations. The Youth Entrepreneurship Program consists of small scale start-up loans, access to dedicated on-line business resources, and a two-year mandatory mentoring component that matches youth entrepreneurs with members of the NWT business community.
- A partnership with Indian and Northern Affairs Canada enabled the expansion of the BDIC's video-conferencing network through the SINED program.
- Two training sessions were provided for regional delivery agents: one on credit and collections and one on financial and credit risk analysis.

In 2007/2008, the BDIC will continue to build on its efforts to improve program delivery through internal controls and partnerships with other organizations.



2007/2008
Strategic
Directions and
Objectives





Measures of Success

Progress towards achieving the BDIC's objectives for 2007.2008 will be tracked using specific measurables.

The BDIC is accountable for its performance and is committed to regularly reporting on its progress.

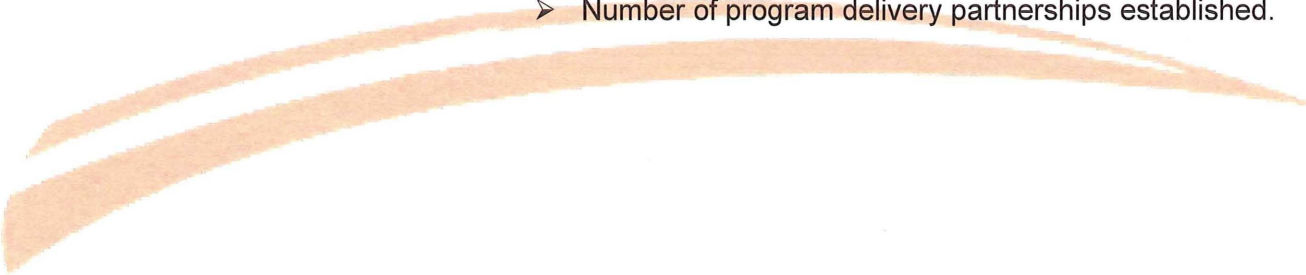
Increase the use of BDIC programs across the NWT

- Standardized application, evaluation and annual review forms in use in all regions.
- Number of training sessions on BDIC programs for regional delivery agents.
- Number of participants in BDIC program training sessions.
- A guide for matching clients to BDIC programs in use in all regions.

Enhance clients' business skills capacity

- Number of clients provided with aftercare services (individually or as participants in workshops or other sessions).
- Number of aftercare service provision training sessions for delivery agents.
- Number of participants in aftercare service provision training sessions.

Continuous improvement of the effectiveness and efficiency of program delivery

- Approved and implemented performance measures for Canada Business NWT.
 - Compliance assessments completed for the venture investment, contribution and subsidiary programs.
 - Number of program delivery partnerships established.
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NWT BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION

- Computerized loan management system in place (user training complete and existing loan data entered).
- User feedback on the computerized loan management system.
- Guidelines for the venture investment, contribution and subsidiary programs (a 2-year objective, to be completed in 2008/2009).
- 2% reduction (net of any credit facilities assigned to the BDIC) in the BDIC's loan loss provision over the previous year, subject to improvements in the accountability of delivery agents.

Budget Summary

The BDIC's budget is divided into two separate sets of funds: the Contribution Fund and the Loan and Investment Fund.

The Contribution Fund receives funding from the annual GNWT contribution and through internal sources. Money in this fund is used for:

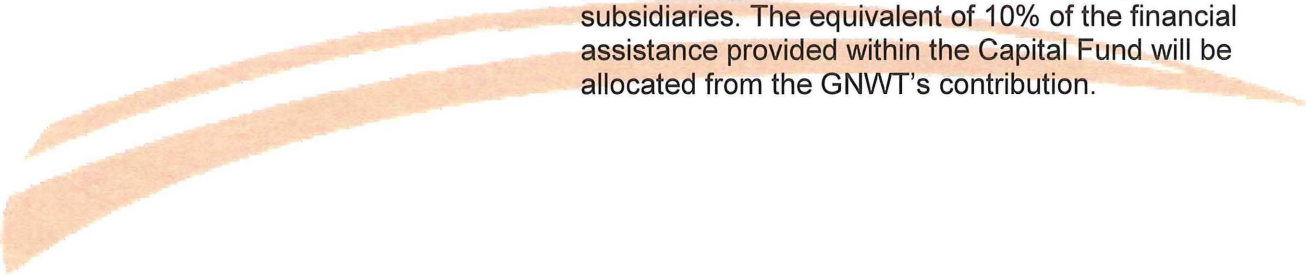
- Annual subsidy payments to BDIC subsidiaries.
- Capital investments in BDIC subsidiaries (either to establish new subsidiaries or for capital improvements required to maintain existing subsidiaries).
- Contributions to northern businesses for start-up or expansion projects.
- The BDIC's operating expenses, which include the costs associated with the delivery of all financial and business services programs and the provision of accounting, marketing, and operational support to the BDIC's subsidiary companies.

The Loan and Investment Fund is funded internally through repayments from clients or through borrowing from the GNWT. Money in this fund provides credit to and equity investment in northern businesses through the BDIC's Credit Facilities and Venture Investment programs.

The budget for each set of funds is presented separately to provide transparency, facilitate control and enhance accountability.

Contribution Fund

The Contribution Fund provides funding to four separate funds:

- *The Subsidy Fund* - The Subsidy Fund provides the approved subsidies and contributions to the subsidiaries and businesses.
 - *The Capital Fund* - The Capital Fund provides start-up costs to new subsidiaries.
 - *The Capital Reserve Fund* - The Capital Reserve Fund provides financial assistance for capital repairs to existing subsidiaries. The equivalent of 10% of the financial assistance provided within the Capital Fund will be allocated from the GNWT's contribution.
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- *The General Operating Fund* - The General Operating Fund receives the contribution from the BDIC's sole shareholder, the GNWT, and the interest generated through the BDIC's participation in the GNWT's investment pool. Operating expenses incurred to provide the BDIC's business services programs and to support the BDIC's financial programs come out of this fund.

The BDIC forecasts a contribution of \$3,778,000 for operations in the 2007/2008 fiscal year from the GNWT. Of this amount, \$775,000 will be allocated to the subsidiaries and business development contributions and the balance of \$3,003,000 will be allocated to the General Operating Fund for operations. In addition, the BDIC forecasts interest income of \$320,000 that will be allocated to the General Operating Fund for a total of \$3,323,000. Support of core services to subsidiaries provided by BDIC employees comes from the General Operating Fund.

Loan and Investment Fund

Under its Act, the BDIC is required to establish a Loan and Investment Fund. This Fund is a source of cash for two of BDIC's financial programs, credit and venture investments. Each financial program has its own fund:

- *The Venture Investment Fund* provides equity investment assistance to new and existing venture clients. Payments received are used for investment purposes.
- *The Loan Fund* provides loan capital to existing and new loan clients. Payments received are used for lending purposes.

Disbursements for loans and venture investments are issued from, and repayments from clients are deposited into, the respective funds.

If there is insufficient money available for lending or investment purposes, the BDIC can borrow up to \$150 million from the GNWT subject to the borrowing limit set by the FMB. The current limit of \$45 million. At the end of January 2007, the outstanding borrowed balance stood at \$34.1 million and the BDIC had repaid, net of borrowing, \$2.5 million to the GNWT during the year.

Interest charged by the GNWT on the outstanding balance is based on the GNWT's long term borrowing rate.

NWT BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION

2007/2008
Budget

Exhibit 1 - Contribution Fund Budget Summary (\$000)
2008 Fiscal Year

	General Operating Fund	Subsidy Fund	Capital Fund	Capital Reserve Fund
Opening Balance	1,770	1,320	684	191
Sources of Cash	3,323	500	250	185
Use of Cash	2,933	1,085	500	305
Closing Balance	<u>2,160</u>	<u>735</u>	<u>434</u>	<u>71</u>

Exhibit 2 - General Operating Fund Budget (\$000)
2008 Fiscal Year

	Budgeted 2008	Budgeted 2007	Projected 2007
Opening Balance	1,770	1,090	1,094
Sources of Cash:			
GNWT Contribution	3,003	2,813	2,813
Interest	320	170	312
Sub-Total	<u>3,323</u>	<u>2,983</u>	<u>3,125</u>
Uses of Cash:			
Operation Expenditures			
Advertising	75	150	25
Board expenses	125	145	115
Computers	66	66	85
Office	90	85	82
Purchased services	325	350	225
Telephone & communication	32	36	22
Travel	120	200	70
Salaries & benefits	2,100	1,911	1,825
Sub-Total	<u>2,933</u>	<u>2,943</u>	<u>2,449</u>
Closing Balance	<u>2,160</u>	<u>1,130</u>	<u>1,770</u>

NWT BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION

Exhibit 3 - Subsidy Fund Budget (\$000) 2008 Fiscal Year

	Budgeted 2008	Budgeted 2007	Projected 2007
Opening Balance	1,320	1,163	1,245
Sources of Cash:			
GNWT Contribution	500	650	650
Sub-Total	500	650	650
Uses of Cash:			
Contributions:			
Business Development Projects (1)	200	200	40
Entrepreneurial Programs	25	25	-
Subsidiaries (2):			
Acho Dene Native Crafts Ltd. (3)	125	100	100
Arctic Canada Trading Co. Ltd. (3)	75	150	25
Dene Fur Clouds Ltd. (3)	200	200	200
Fort McPherson Tent & Canvas	70	70	70
Nahanni Butte General Store Ltd. (3)	125	125	125
Rae Lakes General Store Ltd.	15	15	15
Proposed New Subsidiaries	250	500	-
Sub-Total	1,085	1,385	575
Closing Balance	735	428	1,320

Notes to the Subsidy Fund:

The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Subsidy Fund to a subsidiary or for the benefit of a project, a subsidy for operating costs each fiscal year in an amount not exceeding the prescribed maximum of \$25,000 per direct job for the project or in an amount greater than the prescribed maximum for a project or subsidiary with the approval of the FMB.

A direct job is one where the job is created within a subsidiary or venture company as a result of its economic activities. One job will be equivalent to one person-year, each person-year will equal to 1,725 hours of work per annum (positions can be aggregated for purposes of calculating this number). Payroll records will be the primary source of information when calculating 'direct jobs'.

1. Business Development Projects are contributions used for feasibility assessments, project start-ups, research projects and occasionally short-term projects that create employment opportunities. Some approvals may require events or deliverables to occur before funds are released; where fiscal years are traversed due to these requirements, the funding commitment follows to the new fiscal year.
2. Subsidies are approved up to a maximum and distribution is based on need. Unused approvals are de-committed, pooled and carried forward to the next year for the benefit of the Subsidy Fund.
3. Four of the subsidiaries, Acho Dene Native Crafts Ltd., Arctic Canada Trading Company Ltd., Dene Fur Clouds Ltd. and Nahanni Butte General Store Ltd. will draw a subsidy larger than the prescribed maximum. BDIC is budgeting a subsidy increase of \$25,000 to Acho Dene Native Craft Ltd. due to the anticipated cost of recruiting a new manager and to cover other operating expense increases such as power.

NWT BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION

Exhibit 4 - Capital Fund Budget (\$000) 2008 Fiscal Year

	Budgeted 2008	Budgeted 2007	Projected 2007
Opening Balance	684	684	684
Sources of Cash:			
GNWT Contribution	250	250	-
Sub-Total	<u>250</u>	<u>250</u>	<u>-</u>
Uses of Cash:			
Subsidiaries (1):			
Nahanni Butte General Store Ltd.	-	40	-
Rae Lakes General Store Ltd.	-	15	-
Proposed New Subsidiaries	500	500	-
Sub-Total	<u>500</u>	<u>555</u>	<u>-</u>
Closing Balance	<u>434</u>	<u>379</u>	<u>684</u>

Note to the Capital Fund:

The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Capital Fund to a subsidiary or for the benefit of a project, an initial investment in, an amount not exceeding the prescribed maximum of \$100,000 per direct job or in an amount greater than the prescribed maximum for the project or subsidiary with the approval of the FMB.

- Capital investments are approved up to a maximum and distributed based on need. Unused approvals are de-committed, pooled and carried forward to the next year in the Capital Fund.

Exhibit 5 - Capital Reserve Fund Budget (\$000) 2007 Fiscal Year

	Budgeted 2008	Budgeted 2007	Projected 2007
Opening Balance	191	185	151
Sources of Cash:			
GNWT Contribution	25	25	-
Nahanni Butte General Store Ltd.	-	40	40
Rae Lakes General Store Ltd. (1)	160	120	120
Sub-Total	<u>185</u>	<u>185</u>	<u>160</u>
Uses of Cash:			
Nahanni Butte General Store Ltd.	40	-	-
Rae Lakes General Store Ltd. (1)	210	120	120
Fort McPherson Tent & Canvas	25	-	-
Acho Dene Native Crafts Ltd.	30	-	-
Sub-Total	<u>305</u>	<u>120</u>	<u>120</u>
Closing Balance	<u>71</u>	<u>250</u>	<u>191</u>

Note to the Capital Reserve Fund

- A short term loan of \$160,000 is budgeted to Rae Lakes General Store Ltd. for the winter re-supply.

NWT BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION

Exhibit 6 – Loan and Investment Fund Budget Summary (\$000)
2008 Fiscal Year

	Venture Investment Fund	Loan Fund
Opening Balance	4,036	735
Sources of Cash	31	7,840
Uses of Cash	2,500	7,900
Closing Balance	1,567	675

Exhibit 7 - Venture Investment Fund Budget (\$000)
2008 Fiscal Year

	Budgeted 2008	Budgeted 2007	Projected 2007
Opening Balance	4,036	3,461	3,396
Sources of Cash:			
Dividends	30	30	50
Redemptions and other interest	1	50	590
Sub-Total	31	80	640
Uses of Cash:			
Venture Investments	2,500	2,500	-
Sub-Total	2,500	2,500	-
Closing Balance	1,567	1,041	4,036

Exhibit 8 - Loan Fund Budget (\$000)
2008 Fiscal Year

	Budgeted 2008	Budgeted 2007	Projected 2007
Opening Balance	735	422	1,400
Sources of Cash:			
Repayments received	7,800	7,700	8,750
Interest income	40	15	65
Borrowed from the GNWT (net)	-	400	-
Sub-Total	7,840	8,115	8,815
Uses of Cash:			
Loans disbursed	6,700	8,000	6,480
Repayment to the GNWT (net)	1,200	-	3,000
Sub-Total	7,900	8,000	9,480
Closing Balance	675	537	735



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