

A blue-tinted photograph of hands working with fabric. One hand is holding a pair of scissors, and another hand is holding a piece of fabric. The background is slightly blurred, showing more hands and fabric. The image is overlaid with a dark blue semi-transparent box containing the title text.

**Northwest Territories
Business Development and
Investment Corporation
2019-20 CORPORATE PLAN**



HEAD OFFICE

#701, 5201 – 50th Avenue
Yellowknife NT X1A 3S9
Telephone: (867) 767-9075
Fax: (867) 765-0652
Toll free: 1-800-661-0599

www.bdic.ca

bdicinfo@gov.nt.ca



TABLE OF CONTENTS

Overview of the BDIC.....	2
Programs and Services	3
2019-2020 Objectives	6
Budget Summary	9
2019-2020 Budget	10

OVERVIEW OF THE BDIC

On April 1, 2005, the Northwest Territories Business Development and Investment Corporation (BDIC) was established with the merger of the Northwest Territories Development Corporation and the Northwest Territories Business Credit Corporation. The *Northwest Territories Business Development and Investment Corporation Act* outlines the mandate of the BDIC, which is:

“...to support the economic objectives of the Government of the Northwest Territories (GNWT) 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.”

Ministerial Directives

In 2017-18 the Minister Responsible for the NWT Business Development and Investment Corporation issued two ministerial directives to the board, management and staff of the BDIC.

The first directive was that the Department of Industry Tourism and Investment (ITI) will take the lead on the upcoming BDIC program review.

The second directive was to a) complete a corporate planning schedule for the 2019-20 fiscal year and provide it to ITI prior to May 30, 2018, and b) review and manage the BDIC’s operational expenditures in context to the GNWT’s current fiscal situation.

The BDIC fulfills its mandate by providing programs and services to businesses across the Northwest Territories.

Since 2005, the BDIC has approved over \$92 million in funding for more than 338 NWT businesses operating across the territory, and has delivered training to more than 1,500 participants at learning sessions hosted at its business centre, Canada Business NWT.

The BDIC’s subsidiaries, located in Fort Liard, Fort Providence, Ulukhaktok, Fort McPherson, and Yellowknife, support over 111 arts and craft producers in small NWT communities. Products from the BDIC’s subsidiaries are sold at approximately 70 locations across Canada and the United States.

VISION

Our vision is to be an accountable crown corporation providing resources for the economic development of the Northwest Territories.

MISSION

Our mission is to support the NWT economy by encouraging the creation and development of businesses in communities.

PROGRAMS AND SERVICES

CREDIT FACILITIES

Qualifying NWT businesses can access up to \$2 million in financing through the BDIC's Credit Facilities program. Interest rates for this financing are set at Prime +2%, 3% or 4%, depending on risk. The following financing options are available under the Credit Facilities program:

Term Loans

- Term Loans are available to NWT businesses that may not be able to secure bank financing. Clients can choose between loans with fixed or variable rates, and can request adjustments to loan payment amounts to account for seasonal variations in revenue. Term Loans can be repaid early without penalty.

Standby Letters of Credit

- A Standby Letter of Credit (SLC) enables clients to secure contract bids or provide security to suppliers through assurance of payments to third parties. SLCs can be issued to clients after they have been approved for an SLC Facility with the BDIC.

Working Capital Guarantees

- Working Capital Guarantees can be issued to NWT businesses as security to assist in obtaining working capital financing (such as an operating line of credit or overdraft) from a commercial bank.

BUSINESS DEVELOPMENT PROJECT FUND (BDPF)

The BDIC's contribution program provides non-repayable funding of up to \$25,000 to assist entrepreneurs in starting or expanding their business. The program has two funding categories, Core BDPF and BDPF Aftercare:

Core BDPF

- Core BDPF can be used to fund expenses related to the startup and expansion of NWT businesses (e.g. assets, new software, marketing/advertising, feasibility assessments, business plans, or short term projects that create employment opportunities). It can also be used to purchase raw materials for the production of arts and crafts in level II communities only. Core BDPF available in any 5 year period is \$20,000 (\$10,000 for businesses in level I communities).

BDPF Aftercare

- BDPF Aftercare can be used to purchase accounting software or services, and provide access to succession planning and business training programs. The lifetime amount for BDPF Aftercare is \$5,000 (\$3,000 for businesses in level II communities).

Level I Communities: Communities with developed business infrastructure and air/road transportation links.

Yellowknife (incl. N'Dilo), Hay River, Fort Smith and Inuvik.

Level II Communities: Communities with less developed business infrastructure and air/road transportation links.

All other NWT communities not listed above.

PROGRAMS AND SERVICES

SUBSIDIARY PROGRAM

Through the Subsidiary Program, the BDIC invests in and provides operational support to companies that generate economic opportunities and employment in small NWT communities. The BDIC currently has five active subsidiaries:

Acho Dene Native Crafts, based in Fort Liard, procures and wholesales locally produced birch bark baskets, jewelry, moccasins, mittens, mukluks, and other souvenirs.

Dene Fur Clouds, based in Fort Providence, specializes in luxurious knit fur garments and accessories including headbands, hats, mitts, scarves and sweaters.

Fort McPherson Tent and Canvas designs and manufactures arctic tough tents and teepees, sled wrappers, hockey bags and other durable canvas products.

The **Ulukhaktok Arts Centre** produces prints, muskox carvings, qiviut products and other traditional items.

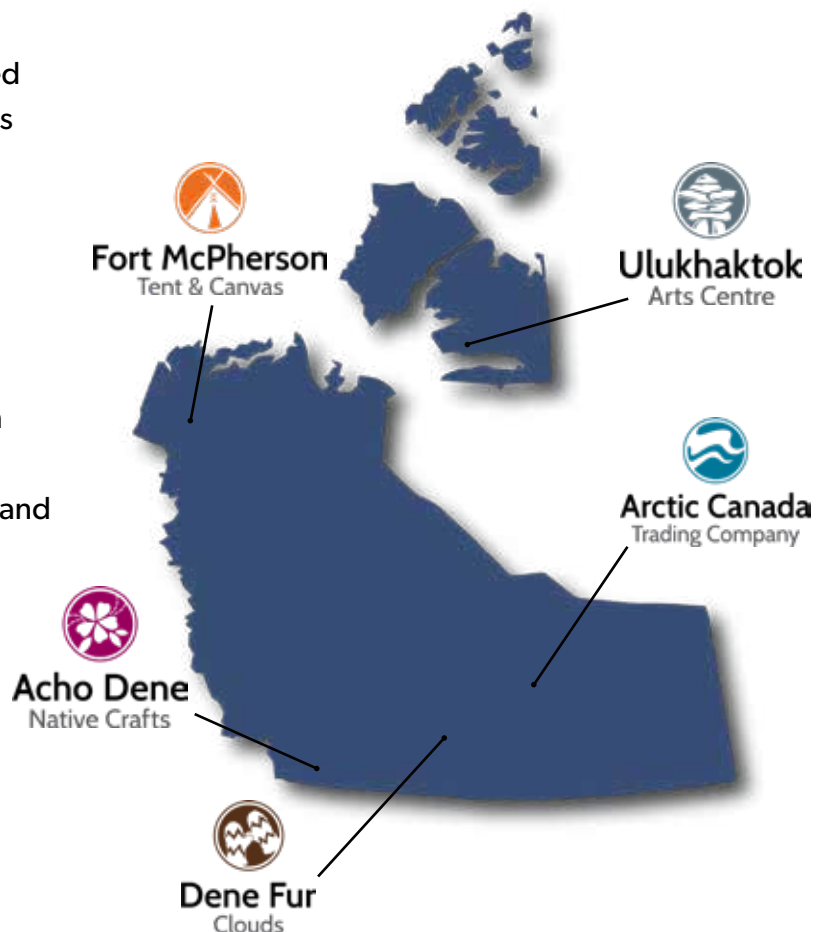
The **Arctic Canada Trading Company**, based in Yellowknife, markets the products of other BDIC subsidiaries through approximately 70 galleries and gift shops across Canada and the United States.

VENTURE INVESTMENT PROGRAM

Through the Venture Investment Program, the BDIC makes equity investments in NWT businesses. In exchange, the BDIC receives preferred shares in the business.

Investee businesses pay dividends to the BDIC, with dividend rates set based on risk. Investee businesses can redeem their shares at any time.

Invested funds can be used to support a wide range of job creation activities, including research and development. They can also be leveraged to obtain private sector financing.



BUSINESS SERVICES

The BDIC provides business services to help people start and grow their business in the Northwest Territories.

The BDIC is a member of the Canada Business Network, which provides start-ups and small businesses with a wide range of information and references about government services, programs and regulations. The BDIC operates Canada Business NWT (CBNWT) in partnership with the Canadian Northern Economic Development Agency (CanNor). CBNWT services are available online and through community partners to residents across the NWT.

Business services available include:

- Business resource library that is indexed online so that clients from any community can order a resource material and have it mailed to them
- 1-800 number that clients in NWT communities can call to get business information specific to their region
- CanadaBusiness.ca – content created and managed by CBNWT specifically for NWT residents
- Video and web conference sessions available to educate entrepreneurs
- Administration services and business planning resources available in person through the BDIC and partner organizations
- Coordination of events such as Small Business Week in partnership with business stakeholders

The BDIC offers NWT clients business information through its comprehensive guide, *How to Start a Business in the NWT*. This guide provides entrepreneurs in all NWT communities with the information they need to start their business. The document contains information about licenses and regulations in the NWT, support services available for entrepreneurs, information on writing a business plan, structuring a business and much more.

How to Start a Business in the NWT is available in print, on the BDIC's website and via a mobile web app. The guide is available in both English and French.



The BDIC's business centre in Yellowknife

2019/2020 OBJECTIVES

■ Enhance and Promote the BDIC's Programs and Services

One of the BDIC's goals is to raise awareness of the programs and services offered to NWT businesses. Networking and community involvement are actions that support this goal, while also giving the BDIC direction on how to better serve NWT entrepreneurs and businesses.

The BDIC will consult potential clients to enhance its programs and services. The BDIC will also enhance its programs and services by developing new tools for businesses, including French-language business training and will increase awareness of its programs and services through updated website content.

Ongoing Target: Enhanced BDIC programs and services are available and promoted to the public.

■ Solicit Increased Feedback from the BDIC's Clients

Client feedback helps measure satisfaction with the BDIC's programs and services, and provides the BDIC with insights into how to improve the client experience.

By providing frequent opportunities for feedback, the BDIC can enhance its operations and ensure the BDIC meets or exceeds its clients' expectations. The BDIC will achieve this objective by increasing feedback opportunities.

Ongoing Target: Soliciting feedback to collect input from BDIC clients to improve services.



2019/2020 OBJECTIVES

■ Increase the Export-Readiness of the BDIC's Subsidiaries

The BDIC's subsidiaries supply approximately 70 outlets in Canada and the United States with products handmade in the NWT. Development of this distribution network has created a foundation from which the BDIC's subsidiaries can now pursue other strategic international markets.

The BDIC will create new export opportunities for its subsidiaries by undertaking strategic promotion efforts in key international markets. The BDIC will also work to build capacity at its subsidiaries to take advantage of new export opportunities.

2020/21 Target: The BDIC's subsidiaries are exporting their products to key international markets.

■ Improve the BDIC's Interest Rate Risk Management

Like other lenders, the BDIC faces interest rate risk when rising interest rates reduce the value of its assets relative to its liabilities. Over time, this will require the BDIC to increase its interest payments to the GNWT, without an offsetting an increase in revenues.

To account for this, the BDIC will seek to reduce its risk related to interest rate fluctuations and strengthen its long-term financial sustainability by evaluating best practices in interest rate risk management.

Ongoing Target: Implementation of best practices in interest rate risk management.



2019/2020 OBJECTIVES

- Provide entrepreneurial support to Indigenous people, women, youth and persons with disabilities**

The BDIC is well-positioned to assist Indigenous people, women, youth and persons with disabilities start and expand their businesses in the NWT.

The BDIC's term loans are flexible and can be tailored to meet the needs of underrepresented entrepreneurs. In addition, the BDIC's business services can facilitate mentoring and provide access to business training to meet the needs of people in these groups.

The BDIC will work on programs designed to help build confidence and improve business knowledge among Indigenous people, women, youth and persons with disabilities.

The BDIC will also undertake revisions to its BDPF Aftercare program to provide financial support for business accessibility improvements, translation of business materials into official NWT languages, and access to advice, training, and technology that can increase business performance.

Ongoing Target: The BDIC will create opportunities through its programs to provide entrepreneurial support to Indigenous people, women, youth and persons with disabilities.

- Analyze actions of program review and coordinate implementation as needed**

The BDIC is mandated to have a review done on its programs and services every 5 years. A review of the BDIC's programs and services is scheduled to be completed by the end of 2018/19.

Once the review is completed the BDIC's Board and management will evaluate its recommendations.

Ongoing Target: Consider the program review's recommendations for implementation.

BUDGET SUMMARY

The BDIC's budget is comprised of two separate funds, the Contribution Fund and the Loans and Investments Fund.

Contribution Fund

The Contribution Fund is funded through a contribution agreement with the GNWT, and through investment income. It is administered through four separate funds:

- Subsidy Fund - provides subsidies to BDIC subsidiaries and BDPF contribution funds to northern businesses
- Capital Fund - provides start-up costs for new subsidiaries
- Capital Reserve Fund - provides capital funds for repairs to existing subsidiaries
- General Operating Fund - provides operating costs for the BDIC's delivery of programs and services including the CBNWT Centre (which also receives partial funding from CanNor).

For 2019/2020, the BDIC forecasts revenues of \$2,105,000 to the Contribution Fund. Of this amount, \$1,883,000 (including \$14,000 for the provision of French language services) would be funded from the GNWT, \$97,000 from CanNor to co-fund the CBNWT Centre, and \$125,000 from investment income.

Loans and Investments Fund

The Loans and Investments Fund is funded through client loan repayments, client venture payments and/or GNWT loans. This fund is administered through two funds:

- Loans Fund - provides loan capital to northern businesses
- Venture Investment Fund - provides equity investment to northern businesses

For 2019/2020, the BDIC forecasts loan disbursements of \$6,800,000 and repayments of \$6,510,000 (including \$10,000 in investment interest).



2019/2020 BUDGET

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

Fiscal Year ending March 31, 2020

	Subsidy Fund	Capital Fund	General Operating Fund	Total
Opening Balance	445	1,020	4,838	6,303
Sources of Cash	775	-	1,330	2,105
Use of Cash	825	-	2,365	3,190
Closing Balance	395	1,020	3,803	5,218



2019/2020 BUDGET

Exhibit 2 - Subsidy Fund (Unconsolidated) (\$000)

Fiscal Year ending March 31, 2020

	Budget 2020	Budget 2019	Actual 2018
Opening Balance	445	485	471
Sources of Cash:			
GNWT Contribution	775	785	865
Sub-Total	775	785	865
Uses of Cash:			
Business Development Projects	200	200	186
5983 NWT Ltd. (Uluhaktok Arts Centre)	90	90	90
913044 NWT Ltd. (Fort McPherson Tent & Canvas)	250	275	275
Acho Dene Native Crafts Ltd.	150	150	150
Arctic Canada Trading Co. Ltd.	5	10	50
Dene Fur Clouds Ltd.	130	100	100
Sub-Total	825	825	851
Closing Balance	395	445	485



Exhibit 3 - Capital Fund (\$000)

Fiscal Year ending March 31, 2020

	Budget 2020	Budget 2019	Actual 2018
Opening Balance	<u>1,020</u>	<u>1,020</u>	<u>1,020</u>
Sources of Cash:			
GNWT Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Sub-Total	0	0	0
Uses of Cash:			
New Subsidiary	<u>0</u>	<u>0</u>	<u>0</u>
Sub-Total	0	0	0
Closing Balance	<u>1,020</u>	<u>1,020</u>	<u>1,020</u>



2019/2020 BUDGET

Exhibit 4 - General Operating Fund Budget (Unconsolidated) (\$000)

Fiscal Year ending March 31, 2020

	Budget 2020	Budget 2019	Actual 2018
Opening Balance	4,838	6,196	6,040
Sources of Cash:			
GNWT Contribution	1,108	1,091	1,954
Interest	125	125	181
Business Service Centre Contribution	97	97	97
Sub-Total	1,330	1,313	2,232
Uses of Cash:			
Advertising	20	25	23
Board expenses	35	40	26
Business Service Centre	200	220	197
Computers	95	90	95
Office	40	40	34
Purchased services	100	175	80
Telephone & communications	15	15	10
Travel	30	50	6
Salaries & benefits	1,830	2,016	1,605
Sub-Total	2,365	2,671	2,076
Closing Balance	3,803	4,838	6,196

2019/2020 BUDGET

Exhibit 5 - Loan and Investment Fund Budget Summary (\$000)

Fiscal Year ending March 31, 2020

	Venture Investment Fund	Loans Fund
Opening Balance	4,576	175
Sources of Cash	0	7,510
Use of Cash	200	6,800
Closing Balance	4,376	885



2019/2020 BUDGET

Exhibit 6 - Venture Investment Fund Budget (\$000)

Fiscal Year ending March 31, 2020

	Budget 2020	Budget 2019	Actual 2018
Opening Balance	4,576	4,676	4,676
Sources of Cash:			
Dividends	0	0	0
Redemptions	0	0	0
Sub-Total	0	0	0
Uses of Cash:			
Venture Investments	200	100	0
Sub-Total	200	100	0
Closing Balance	4,376	4,576	4,676



Exhibit 7 - Loan Fund Budget (\$000)

Fiscal Year ending March 31, 2020

	Budget 2020	Budget 2019	Actual 2018
Opening Balance	175	655	4,613
Sources of Cash:			
Repayments received	6,500	6,000	7,287
Interest Income	10	20	43
Borrowed from the GNWT (net)	1,000	0	0
Sub-Total	7,510	6,020	7,330
Uses of Cash:			
Loans disbursed	6,800	6,500	7,088
Repayment to the GNWT	0	0	4,200
Sub-Total	6,800	6,500	11,288
Closing Balance	885	175	655



2019/2020 BUDGET

Exhibit 8 - Consolidated Budget and Actual (\$000)

Fiscal Year ending March 31, 2020

	Consolidated Budget 2020	Consolidated Budget 2019	Consolidated Actual 2018
Revenues			
Interest on loans receivable	2,200	2,300	2,054
Sales and other income	753	699	773
Interest	135	135	224
Federal Government	97	97	97
Government of the Northwest Territories	2,673	2,713	3,598
	5,858	5,944	6,746
Expenditures			
Advertising and promotion	32	37	43
Amortization	40	35	40
Bank charges and interest	26	27	27
Board of Directors	37	42	27
Business Development Project Fund	200	200	186
Business Service Centre	248	268	214
Computers and telecommunications	129	123	127
Cost of goods sold	777	747	801
Credit loss (net)	350	300	390
Insurance	27	23	26
Interest expense on advance from the GNWT	450	165	341
Office and general	83	85	47
Professional services	156	240	181
Rent	192	189	230
Repairs and maintenance	12	12	18
Salaries and benefits	2,643	2,871	2,408
Travel	59	70	41
Utilities	52	38	49
	5,513	5,472	5,196
Annual Surplus	345	472	1,550

Exhibit 8 presents the consolidated budgets of the BDIC's programs and services. This includes the budgets of its subsidiaries, accommodation services provided by the GNWT and regional staff support without cost to the BDIC.

**Please contact us for business information and assistance.
Contactez-nous pour obtenir de l'aide et des renseignements d'affaires.**
1-800-661-0599 | 867-767-9075 | info@bdic.ca | www.bdic.ca

