



Economic Development & Transportation

STRATEGIC INVESTMENTS PROGRAM POLICY

POLICY STATEMENT

The Department of Economic Development & Transportation is committed to supporting development of economic foundations by investing in medium and large scale projects that will support business development through a contribution to project equity and by advancing key strategic priorities for Nunavut.

PRINCIPLES

This policy is based on the following principles:

- Partnerships will respect *Inuit Qaujimagatuqangit* concepts of *Aajiiqatigiinniq* (decision making through discussion and consensus), *Piliriqatigiinniq/Ikajuqtigiinniq* (working together for a common cause), and *Qanuqtuurniq* (being innovative and resourceful).
- Public investment will complement and build on available resources and technologies.
- Economic growth must be sustainable and compatible with Inuit values values.
- Public funds are to be directed toward the projects that demonstrate the greatest return to the public under prevailing conditions.
- Funds will be managed for results and to ensure public accountability.
- Information on which decisions for contributions are based will be available to the public in annual scheduled reporting, and all decision making processes will be fair, transparent and without conflict of interest.

APPLICATION

The *Strategic Investments Program Policy* establishes the general terms for funding provided by the Department of Economic Development & Transportation for business and economic development through:

- A. Nunavut Equity Investment Fund (Schedule A)
- B. Nunavut Economic Foundations Fund (Schedule B)

DEFINITIONS

Audited Financial Statement

An audited financial statement prepared in accordance with Canadian Generally Accepted Accounting Principles consistently applied by an accountant registered under either the *Certified General Accountants Act* “Nunavut” or under comparable legislation in the jurisdiction in which the funds were expended.

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*.

Strategic Priorities

Government of Nunavut approved priorities as outlined in annual Cabinet planning sessions, direction documents and department strategies.

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 amount of each contribution, the investment being supported, name of the recipient and community. Prior to renewal of this policy, the Minister shall undertake an evaluation of the policy.

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

Department

The department head, or their designated lead senior official, shall:

- i) 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
- ii) Establish procedures and processes for projects by inviting or receiving proposals from eligible proponents that specifically address approved Government of Nunavut strategic priorities.

The department may:

- i) Conditionally approve multi-year projects, subject to availability of funds in subsequent years;
- ii) Establish limits for maximum and minimum funding levels available to any one applicant under this policy for single-year and multi-year projects;
- iii) Target specific sectors or strategic areas to receive some or all of the funding available under this policy; and
- iv) Engage third-party expertise and/or establish review teams to assist in selection and due-diligence review of submitted applications.

PROVISIONS

Eligibility

Assistance may be provided through Schedule A to increase project equity enabling the applicant to leverage loans to support business initiatives that will provide net economic benefit and job creation within Nunavut, and which meet strategic priorities that the department may establish.

Assistance may be provided to Nunavut organizations and municipalities through Schedule B to support initiatives that will enhance Nunavut's natural, social and human capital necessary to support development in Nunavut.

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 determined to represent the greatest benefits to the Nunavut economy. 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 agree to public disclosure and to allowing agents of 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.
- Projects funded under this program must meet the necessary approvals by regulatory, municipal and other authorities. 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.
- 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.

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: NUNAVUT EQUITY INVESTMENTS FUND

1. Purpose

The Nunavut Equity Investments Fund provides a contribution to project equity to larger Nunavut business ventures in strategic sectors of Nunavut's economy and/or where businesses have export potential.

2. Eligible Applicants

A "Nunavut Business" which is an enterprise carrying on business or otherwise conducting operations in Nunavut that is registered under Section 23 of *Nunavummi Nangminiqagtunik Ikajuuti (NNI) Policy* and which complies with the legal requirements to carry on business in the Nunavut, meaning that it is either a:

- corporation registered and in good standing under the *NNI Policy*; or
- co-operative association in good standing under the *Co-operative Associations Act*, or
- 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; or
- corporation without share capital and in good standing that has been incorporated under Part 2 of the *Canada Business Corporations Act*.

3. Program Activities

The NEIF may provide an equity contribution needed to complete a financing package for a viable business.

4. Review

The department will review applications and provide a preliminary response to the applicant within 45 days of receipt.

5. Supporting Data

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

- financing package that includes debt financing and client contribution components;
- business plan demonstrating potential for viability, sustainability and growth;
- three year historical financial statements (if available);

- demonstration of a capable and experienced management team;
- demonstration that the initiative will provide net economic benefit and job creation within Nunavut; and,
- indication of an inability to generate the needed equity portion of the financing package from conventional sources under reasonable terms and conditions.

6. Financial Assistance

The contribution provided under this program and other programs of the department shall not exceed 50% of the total equity portion of a project's financing package. Normal debt-to-equity ratios will be applied in determining maximum equity contributions made under this program.

7. Ineligible Activities

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

- to retire existing applicants'/shareholders' investment;
- for debt consolidation, refinancing or purchase of existing operations;
- to assist a business to gain market share from other local businesses; and
- result in a local market becoming further fragmented.

SCHEDULE B: NUNAVUT ECONOMIC FOUNDATIONS FUND

1. Purpose

The purpose of the Nunavut Economic Foundations Fund is to build the foundation of Nunavut's economy through accountable contributions provided to Nunavut organizations and municipalities.

2. Eligible Applicants

Nunavut Organizations and municipalities, which include societies under the *Nunavut Societies Act*, not-for-profit corporations registered under the *Canada Corporations Act* or municipalities in Nunavut under the *Cities, Towns and Villages Act* and the *Hamlets Act*.

3. Review

The department will review applications and provide a preliminary response to the applicant within 45 days of receipt.

4. Supporting Data

Applicants must submit a completed and signed application form. Applicants must submit additional information, if requested, appropriate to the nature and amount of the requested assistance.

5. Accountability Requirements

Recipients of contributions are required to submit an audited Financial Statement along with an audited Schedule of Revenue and Expenses pertaining to the Contribution Agreement. This financial information must be submitted to the department within 60 days of the Government of Nunavut's fiscal year end.

Recipients are required to submit a report on the outcomes and benefits achieved by the supported initiatives, and to address how these outcomes compare to the expected outcomes of the initiative.

6. Financial Assistance

Minimum and maximum financial assistance will be determined by the department on an annual basis.

7. Ineligible Activities

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

- assets previously acquired by the applicant, or non-arm's-length entity;
- refinancing of assets purchased prior to the application or approval of the contribution, unless this restriction is waived by the approving authority;
- expenditures of a recurring nature;
- internal costs not directly related to the project, including payments made to shareholders;
- assets previously purchased with the assistance of the Government of Nunavut or the Government of Canada or other business support programs; or
- items and materials for re-sale, such as stock and inventory.