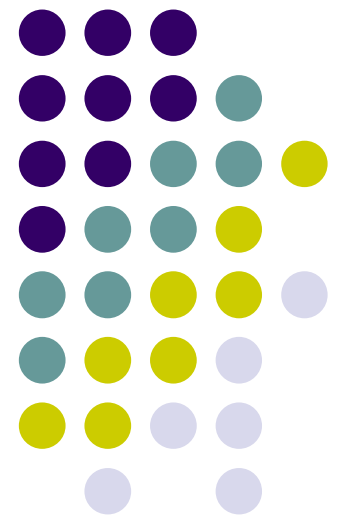
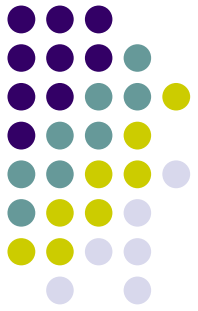


# Barriers to Business

Nunavut Economic Forum  
AGM and Conference  
June 1, 2006  
Iqaluit



# ***Pinasuaqtavut, 2004-2009***



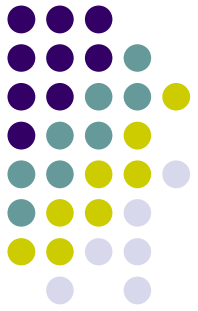
Department of Economic Development & Transportation economic policy priorities 2004-2006:

- Implementation of the Nunavut Land Claims Agreement (NNI Secretariat)
- Preparation of Sector Strategies
- Program Review

Department of  
Economic Development  
& Transportation

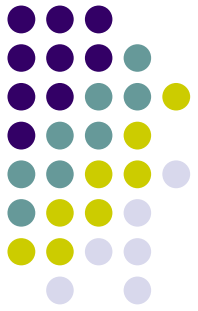


# Program Review



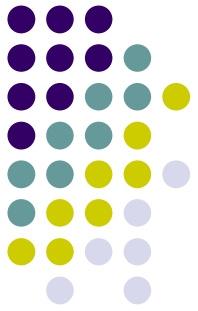
- Policy and program revisions
- “Barriers to Business”
- Review of legislative responsibilities
  - Travel and Tourism Act

# Policy and Program Changes 1



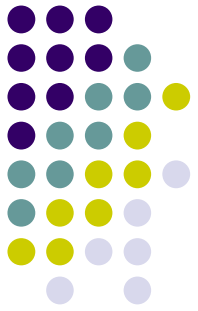
- ***Policy on Program Partnerships*** revised and Community Initiatives Program replaced
  - Continuing support for NGOs
  - New funding from Chambers of Commerce, Nunavut Broadband Development Corporation
  - Available funding to municipalities for employment of a Community Economic Development Officer has been substantially increased

# Policy and Program Changes 2



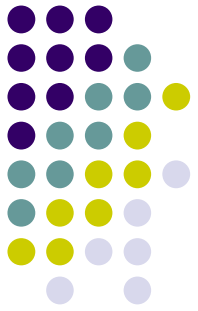
- New, long-term ***Strategic Investments Program***
  - The **Nunavut Equity Investment Fund** matches private-sector investment equity to help Nunavut businesses access additional debt capital
  - The **Nunavut Economic Foundations Fund** provides financial support to Nunavut organizations, municipal corporations, societies and development corporations for economic initiatives

# Policy and Program Changes 3



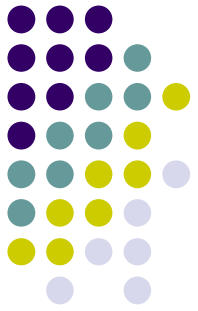
- Former *Contributions to Business Development Program* replaced by the ***Small Business Support Program***
  - **Small Business Opportunities Fund**
  - **Entrepreneur Development Fund**
  - **Sustainable Livelihood Fund**

# Policy and Program Changes 4



- New ***Small Communities Initiatives Program*** established
  - Allocates \$5 million from the Northern Strategy Trust Fund to fourteen small communities
  - Small Communities Initiatives Fund (\$1.4 million)
  - Small Community Development Fund (\$3.6 million)

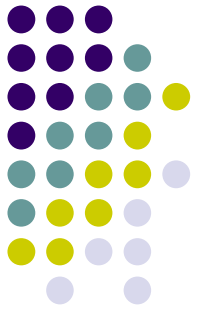
# Policy and Program Changes 5



- ***Agricultural Policy Framework*** permits investments in research and development for commercial harvesting
- All other department programs maintained (e.g., for prospectors' assistance, development of community access roads, fisheries development programs, etc.)

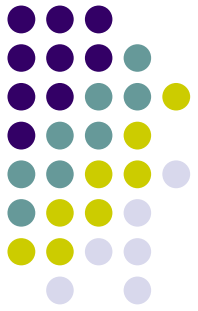


# Background to Change 1



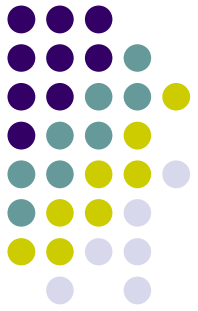
- 2003: *Nunavut Economic Development Strategy*
- 2003-2004:
  - combined the Business Development Fund and Grants for Small Business programs in the Contributions to Business Development program
  - Community Initiatives Program funding formula
  - Established a separate training fund for Community Economic Development Officers
  - CED Officers funding made more flexible

# Background to Change 2



- Spring 2005: comprehensive evaluation of new department's business development programs initiated
  - Analysis of past program performance
  - Survey of all Community Economic Development Officers
  - Interviews with more than 30 key informants
- Fall 2005: report made 35 recommendations for change

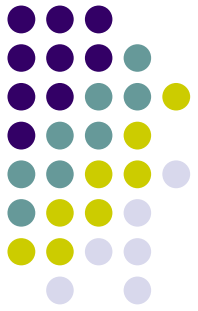
# “Barriers to Business” Project



- The Premier and the Minister of Economic Development & Transportation announced in a news release May 11, 2005:

*“the Government of Nunavut is moving to make the territory more business friendly to boost its economy and increase self-reliance.”*

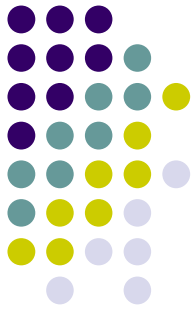
# ***Pinasuaqtavut, 2004-2009***



Two of the guiding principles within *Pinasuaqtavut* speak to this initiative:

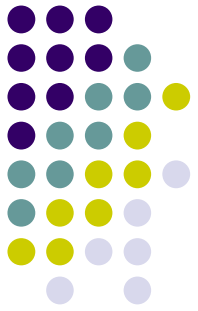
- **Simplicity and Unity** - Work with partners to simplify and enhance access to business support programs in Nunavut
- **Self-Reliance** - Review and reduce unnecessary regulations that impede business development

# Working Group



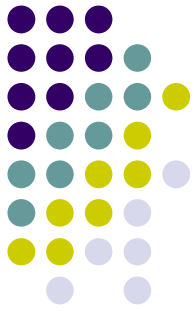
- Established April 2005.
- Two primary objectives:
  1. Examine and make recommendations about unnecessary regulations that impede business development; and,
  2. Find ways to simplify and enhance access to business development programs.

# Typical Government “Barriers”

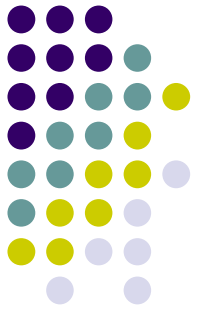


- Mandatory filing requirements
- Detailed guidelines and reporting
- Enforcement and inspection activities
- Duplication between territorial and federal governments
- Application of fees, permits & licenses
- Inspections around safety and health standards
- Processing times for program and service delivery

# Activities, 2005-2006



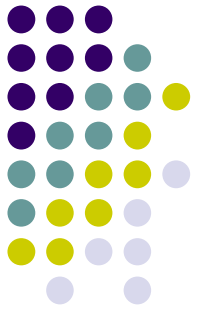
- Nunavut Business Survey conducted by Community Economic Development Officers
  - Draft report on conclusions completed.
- Internal GN Staff “Roundtable”
  - November 2005
- Large businesses invited to make written submissions
- Regional consultations with business
  - Cambridge Bay – January 2006
  - Pond Inlet – February 2006
  - Rankin Inlet – March 2006



# Most Common Barriers 1

1. Slow payment of government accounts
2. Difficulty in accessing equity capital
3. Availability of financial services in communities
4. Availability of reliable and trained workers
5. Discrepancy between private and public sector compensation and benefits

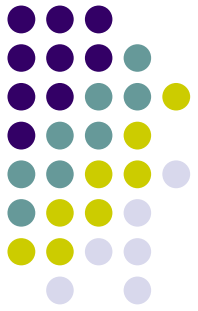




# Most Common Barriers 2

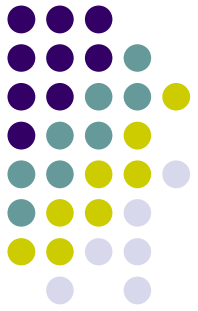
6. Housing and income subsidies of income support create a disincentive to enter the workforce
7. Licenses and Permits process is cumbersome
8. High Insurance Costs
9. Difficulty in obtaining necessary inspections
10. High Cost of Utilities
11. Lack of aftercare in the provision of grants and contributions for economic development

# *Nunavut Economic Development Strategy*

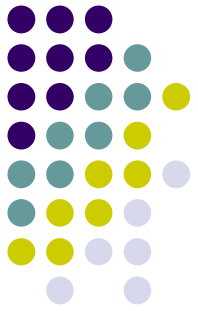


- Many of the issues that have been raised are consistent with those identified in the *Nunavut Economic Development Strategy*

# Challenges to Business Growth



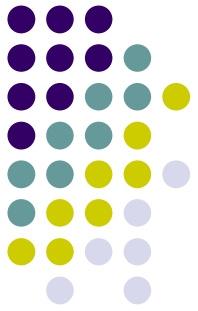
- High cost of doing business and delivering product
- High competition for qualified labour
- Shortage of job skills & capital requirements
- Tenders sometimes too large for small businesses
- Culture and language barriers for Inuit businesses
- No economies of scale due to small population
- Poor communication and transportation links
- No community based savings and lending institutions



# Priorities for Business

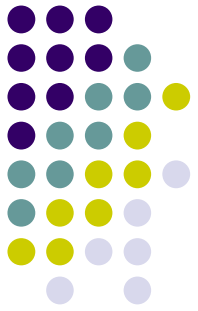
- Improve business loans & risk capital programs
- Improve business development programming
  - Consolidate business services in the regions
  - Strengthen the Chambers of Commerce
  - Streamline business development funding
  - Design and implement a business aftercare program
- Promote job skills and business services
- Create a community savings and loan network

# Actions to Address Barriers 1



- Program Review
- *Strategic Investment Program* now includes a “Nunavut Equity Investment Fund” – minimum \$100 thousand contribution
- *Small Business Support Policy* includes a “Entrepreneur Development Fund” for training and aftercare

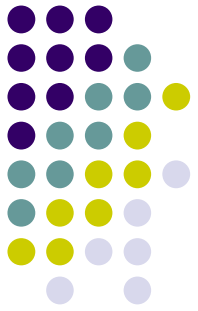
# Actions to Address Barriers 2



- Fuel subsidy budget increased to offset high utility costs for business
- Funding for three regional Chambers of Commerce
- Fuel Tax Rebate established
- Strategies developed within major sectors to guide development
- Community Business Development Centres strengthened

# Barriers to Business

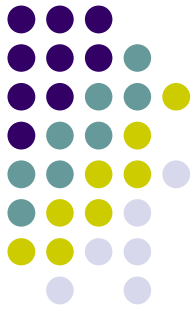
## Next Steps 1



- Draft Report on first year's activities submitted for Cabinet review
- Working Group to continue through summer
- Final recommendations to Minister by fall 2006
- Department of Economic Development & Transportation will continue to participate in national regulatory reform committees

# Barriers to Business

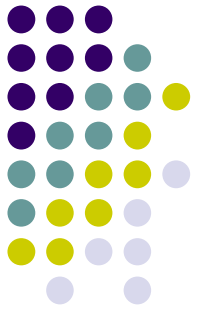
## Next Steps 2



Working Group will focus on three key areas in 2006-2007:

1. Department of Justice: recommend changes to regulations identified as key barriers to business, namely: licensing, permits, and fees.
2. Department of Finance: determine the cause and extent of the Government of Nunavut's difficulties with payments on invoices, and recommend improvements.
3. Economic Development & Transportation: prepare a comprehensive guide to "starting your own business" including a listing of services.





# In conclusion...

- Government is leading significant change
- But:
  - Mandate and resources for economic development in Nunavut are shared
  - Economic policy in Nunavut must move from being reactive to becoming “anticipatory”
- These conditions require a collaborative approach to economic policy implementation
- Will Nunavut’s economic development agencies take up this challenge?