



Bulletin—May 2015

Canada Small Business Financing Program



2009-14 Comprehensive Review Report

The third Comprehensive Review Report of the Canada Small Business Financing Program (CSBFP) examined the 2009–2014 lending period and was tabled in Parliament on April 20, 2015.

The purpose of the review was to examine how successful the CSBFP has been in meeting its objectives of:

- Helping new businesses get started and established firms make improvements and expand;
- Improving access to loans that would not otherwise be available to small businesses; and
- Stimulating economic growth and creating jobs for Canadians.

Key findings were as follows:

Program Rationale

- The CSBFP remains an important, efficient and effective program in helping small businesses access financing. In particular, it is most widely used by smaller, younger and higher risk businesses, which might otherwise be denied financing.
- The CSBFP is unique in that it is the only national financing program that is accessible through a wide network of financial institutions to almost all small businesses across Canada.

Program Activity and Benefits

- From 2009 to 2014, the CSBFP registered nearly 34,000 loans with a value of \$4.7 billion.
- Usage declined from over 48,000 loans worth more than \$5 billion during the previous five-year review period.
- Approximately 58 percent of loans (by value) went to start-up firms less than one year old.
- Loans were highly incremental: about 75 percent of all CSBFP loans would not have been made at all, or would only have been made under less favourable conditions.
- The CSBFP was responsible for the creation of 9,700 jobs for each year of lending from 2009 to 2014. In addition, an estimated 6,600 indirect jobs were also created each year as a result of CSBFP loans.
- A cost-benefit analysis found that for every dollar the program costs, five dollars in benefits were generated in the Canadian economy.

Cost Recovery

Cost recovery forecasting has shown an improvement from the 2004-09 lending period (59 percent cost recoverable), to the 2009-14 lending period (75 percent cost recoverable). This difference was largely attributed to fewer defaults on loans resulting from improved economic conditions.





While the program is not fully cost-recoverable when strictly using revenues from the administration and registration fees it charges, it is cost-recoverable when additional federal income taxes and GST remittances from CSBF borrowers are considered.

Program Administration

CSBFP awareness remains low among small businesses. However, there is evidence that suggests relationship-building efforts with small business support organizations are having an impact and that there may be additional opportunities to improve small businesses' knowledge and awareness of the program.

Loan officers in financial institutions are aware of the CSBFP (98 percent). Since 2009, 71 percent of small business loan officers have made at least one CSBFP loan.

A new online loan registration system was launched during the review period and has been successful in reducing administrative burden for lenders. In the last year of the review period, 2013–14, 65 percent of CSBFP loans were registered online.

Program Design

In April 2014, Industry Canada implemented regulatory changes geared toward improving uptake of the program by private sector lenders that offer the program to small businesses. It is too soon to assess the impact of these regulatory changes.

While stakeholders are generally satisfied with program parameters, lower levels of satisfaction were expressed towards certain parameters of the program, such as the \$500,000 cap on lending for real property and the \$5 million revenue cap for eligibility to receive a loan through the program.

The Comprehensive Review Report is available on our website at the following link: http://www.ic.gc.ca/eic/site/csbfp-pfpec.nsf/eng/h_1a03256.html

In addition, the Evaluation Report is available on our website at the following link: http://www.ic.gc.ca/eic/site/ae-ve.nsf/eng/h_03711.html

Subscription Service

The CSBF Program has an on-line subscription service which will send you the CSBFP Bulletin and other information via email. If you would like to receive the Bulletin, we invite you to visit the [Subscription Service](#) page of our website.

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