

Credit Conditions Survey

2009

Notes to readers

The Credit Conditions Survey was conducted in August and September 2009. The questions focused on financing sought by small enterprises (1 to 100 employees) since August 2008. The answers refer to the 13-month period between August 2008 and September 2009.

A total of 3,200 small businesses completed the questionnaire which included 25 questions. This is the second largest Canadian survey on small business financing. The margin of error is 1.8%, 19 times out of 20 for questions addressed to all respondents. Leger Marketing administered the survey which was largely based on Statistics Canada's triennial *Survey on Financing of Small and Medium Enterprises*.

The following tables present the key statistics from this survey.

Table 1: Request And Approval Rates And Average Amounts Authorized

Financing Type	Request Rate	Approval Rate*	Average Amount Authorized**
All Types	16.1%	80%	\$265,234
Debt Financing	14.0%	79%	\$238,468
Leasing	1.0%	76%	\$181,518
Equity Financing	1.3%	85%	\$251,231
Trade Credit	1.2%	82%	\$64,836

*A request that received either full approval or partial approval was considered "approved".

**Approved amounts were calculated using categorical answers in conjunction with adjusted mean or median values based on Statistics Canada's *Survey on Financing of Small and Medium Enterprises* 2007 data.

Table 2: Distribution Of Total Financing Authorized By Type Of Financing

Financing Type	Share
Debt Financing	79%
Leasing	4%
Equity Financing	7%
Trade Credit	2%
Other*	8%

*Includes financing from government institutions (e.g., no interest loans)

Table 3: Debt Financing (Long Term Vs. Short Term)

Type of Debt Financing	Request Rate	Approval Rate	Average Interest Rate***	% Collateral Required***	Average Amount Authorized
Long Term*	8%	78%	5.5%	67%	\$249,360
Short Term**	9%	78%	6.9%	47%	\$162,461
Total	14%	79%	6.2%	56%	\$238,468

*Mortgages and term loans

**Lines of credit and credit cards

***Interest rates and collateral requirements are the weighted averages of related sub-categories.

Table 4: Debt Financing By Enterprise Characteristics

Number of Employees	Request Rate	Approval Rate	Average Amount Authorized
1 to 4	10%	70%	\$102,373
5 to 9	16%	89%	\$157,607
10 to 19	19%	85%	\$324,016
20 to 100	27%	79%	\$571,423
Region			
Atlantic	11%	99%	\$189,556
Quebec	16%	79%	\$173,621
Ontario	15%	77%	\$268,272
Manitoba-Saskatchewan	13%	87%	\$340,237
Alberta	16%	71%	\$292,454
British Columbia	12%	81%	\$206,119
Industry			
Accommodation and Food	16%	81%	\$173,919
Construction	13%	99%	\$412,940
Manufacturing	24%	87%	\$202,527
Primary*	27%	86%	\$401,380
Professional Services	9%	76%	\$200,379
Transportation/Warehousing	20%	79%	\$313,851
Wholesale and Retail	15%	70%	\$151,986
Age of Business			
3 years old or younger	30%	44%	\$115,898
4 to 10 years old	17%	85%	\$202,153
More than 10 years old	12%	82%	\$275,702
Exportation			
Exporter	18%	84%	\$281,103
Non-Exporter	14%	78%	\$221,286
Region			
Rural	17%	93%	\$237,607
Urban	14%	75%	\$238,735

*Primary includes the following: agriculture and fishing, forestry, and oil and mining.

Table 5: Intended Use Of Debt Financing*

Intended Use	% Firms That Sought Debt Financing
Land and Buildings	22%
Vehicles/Rolling Stock	15%
Computer Hardware/Software	6%
Other Machinery/Equipment	19%
<i>Fixed Assets**</i>	49%
Working/Operating Capital	56%
Research & Development	3%
Debt Consolidations	10%
Refinancing Maturing Debt	6%
Intangibles (e.g., training, goodwill)	4%
Purchasing a Business	3%

*The sum of the percentages will not equal 100% since firms often provided multiple answers.

**Land, Vehicles, Computer Hardware/Software, Other Machinery

Table 6: Percentage Of Small Enterprises Re-Investing Capital In The Business

Region	% Firms That Re-Invested
Atlantic	60%
Quebec	39%
Ontario	48%
Manitoba-Saskatchewan	59%
Alberta	47%
British Columbia	53%
Industry	
Accommodation and Food	48%
Construction	46%
Manufacturing	53%
Primary*	57%
Professional Services	43%
Transportation/Warehousing	50%
Wholesale and Retail	49%

*Primary includes the following: agriculture and fishing, forestry, and oil and mining.