



# SMALL

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# Business

QUARTERLY  
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## PERFORMANCE

### *Trends*

Between the fourth quarter of 2003 and the fourth quarter of 2004, small businesses (those with fewer than 100 employees) lost approximately 3300 jobs or 0.2 percent of net new jobs in the Canadian economy.

Bankruptcies numbered 1966 in the fourth quarter of 2004, representing an 8-percent drop from the same quarter of 2003.

Total business loans outstanding<sup>1</sup> from chartered banks amounted to \$95 billion in the fourth quarter of 2004, an increase of approximately 7 percent from the same quarter of 2003. Business loans of less than \$500 000 accounted for 20 percent of the total.

In 2004, for the first time since 2000, the Canadian venture capital industry increased its annual investment, with \$1.8 billion invested in 589 companies, an increase of 6 percent from the \$1.7 billion invested in 647 firms in 2003.

There were 2.47 million self-employed workers in the fourth quarter of 2004, an increase of 1.2 percent from the same quarter of 2003.

<sup>1</sup> Excluding non-residential mortgages, agricultural loans and customers' liability under acceptances.

## NEW FINDINGS

### *Financing of Small and Medium-sized Enterprises*

The Small and Medium-sized Enterprise Financing Data Initiative (SME FDI) recently released its second report, *SME Financing in Canada, 2003*.

#### Key findings of the report

- Only one fifth (18 percent) of SMEs requested debt financing in 2001, of which 80 percent were approved.
- While formal sources of financing are important for SMEs, informal types of financing combined (supplied through loans from individuals and trade credit from suppliers) accounted for 40 percent of debt owed by SMEs (see Figure 1).
- Domestic banks supplied about half of the commercial credit used by SMEs in 2000 and 2001. However, only a small percentage of their overall lending activity goes to SMEs (12 percent).
- For credit unions and caisses populaires, 69 percent of their overall lending activity is in smaller authorization categories (under \$1 million).

The report further notes that Canada's economic slowdown in 2001 appears to have influenced SME financing activity during this period. In 2001, only 18 percent of SMEs requested commercial debt, a drop of 5 percentage points from 2000 (23 percent). At the same time, credit approvals dropped from 82 percent to 80 percent.

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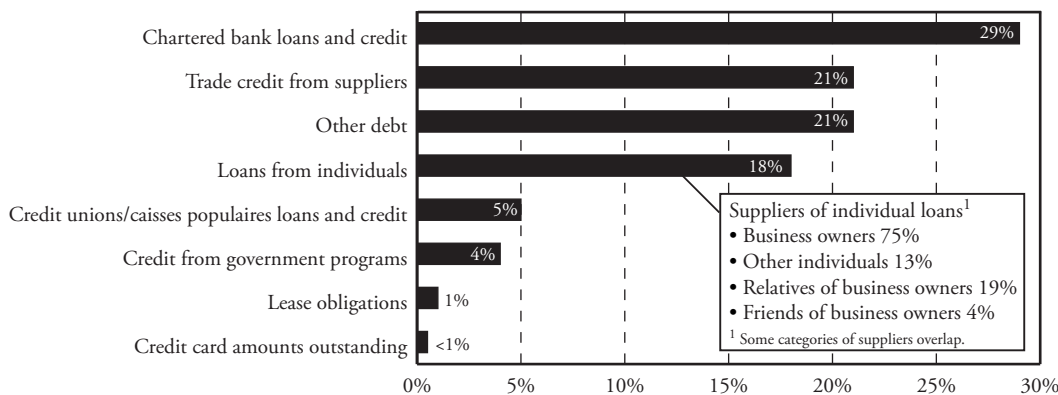
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The SME FDI has shifted its reporting efforts to more targeted research on specific areas of SME financing. While *SME Financing in Canada, 2003* covers a broad spectrum of financing issues, other research products include profiles of specific business owners (e.g. women, visible minorities, youth); detailed examinations of access to financing for particular groups of SMEs (e.g. gaps in debt financing for innovative firms); and extensive data on debt, leasing and equity financing.

For a copy of the full report, as well as further information on the SME FDI and access to statistical findings and reports, visit our Web site at [www.strategis.gc.ca/fdi](http://www.strategis.gc.ca/fdi)

The SME Financing Data Initiative (SME FDI) is a comprehensive data collection program on the financing situation of SMEs in Canada. A partnership between Industry Canada, Statistics Canada and the Department of Finance was initiated following a recommendation of the Task Force on the Future of the Canadian Financial Services Sector in 1999.

*Figure 1: Average Distribution (%) of Debt Outstanding by SMEs in 2000, by Supplier*



Source: Statistics Canada, *Survey on Financing of Small and Medium-sized Enterprises, 2000*.

## BUSINESS *Bankruptcies*

Canada's business bankruptcy profile improved in 2004,<sup>1</sup> with 716 fewer bankruptcies than in 2003, representing an 8-percent drop from 8844 to 8128, while the level of liabilities involved in bankruptcies also declined, dropping 33 percent from \$4.7 billion to \$3.1 billion.

The main decrease in the number of business bankruptcies in 2004 occurred in the transportation and warehousing sector, with 159 (or 22 percent of the 716 fewer bankruptcies), followed by accommodation and food services with 120 (17 percent). Proportionally, however, the greatest decrease in the number of bankruptcies occurred in the public administration sector, which dropped 70 percent — from 20 in 2003 to 6 in 2004. The management of companies and

enterprises sector also performed well with a 48-percent drop — from 75 bankruptcies to 39 in 2004.

While the number of bankruptcies fell 8 percent year-over-year in the fourth quarter of 2004, the 1966 recorded was still 10 percent higher than in the third quarter of 2004. There was also a 27-percent quarterly drop in the total value of liabilities involved in bankruptcies during the fourth quarter of 2004, compared with the third quarter. This figure represents an average liability of \$307 000 per bankrupt business — a major decline of 47 percent from the third quarter.

<sup>1</sup> Since the first quarter of 2004, the Office of the Superintendent of Bankruptcy has been providing data according to the codes of the North American Industry Classification System rather than the Standard Industrial Classification. This change in method may have affected the accuracy of the comparisons in this text.

# JOB Creation

**A**ccording to Statistics Canada's *Survey of Employment, Payrolls and Hours*, close to 161 000 net jobs (payroll jobs) were created between the fourth quarter of 2003 and the fourth quarter of 2004 (Table 1). This gain is much greater than the growth (88 000 jobs) recorded between the fourth quarter of 2002 and the fourth quarter of 2003. As Table 1 indicates, total growth in employment between the fourth quarter of 2003 and the fourth quarter of 2004 was generated by large firms (those with 500 employees and over), which accounted for 101 percent of net job creation. Small and medium-sized businesses both lost jobs. Among small businesses (those with fewer than 100 employees), those with 5–19 employees were the only ones that contributed to net job creation (59 percent). However, these gains were offset by the employment decrease in the other categories of small businesses.

Table 2 presents a breakdown of net changes in average payroll employment by industry and business size. Net change is the difference between the average level of employment in the four quarters ending the fourth quarter of 2004 and the average level in the preceding four quarters. Almost 118 000 net jobs were created during that period. The largest job losses (50 328) occurred in manufacturing, which represented 43 percent of the net total. In contrast, three industries created 85 percent of the Canadian net total: retail trade (40 percent); administrative and support, waste management and remediation services (24 percent); and construction (21 percent). Among small businesses (those with fewer than 100 employees), net job creation was 9574 jobs, but there were large changes in many industries. Thus, 19 426 jobs were created in construction, while 10 570 jobs were lost in manufacturing and a further 8371 jobs disappeared in wholesale trade.

*Table 1: Year-over-year Net Change<sup>1</sup> in Payroll Employment<sup>2</sup> by Firm Size, Canada, Q1 2001 to Q4 2004*

Quarter	Change, y/y		% Contribution to Total Net Change by Size of Firm (Number of Employees)								
	%	Jobs	0–4	5–19	20–49	50–99	0–99	100–299	300–499	100–499	500+
Q1 2001	3.7	445 166	10.2	1.3	8.2	6.1	25.8	11.3	3.6	14.9	59.3
Q2 2001	2.8	344 563	2.0	8.8	13.2	12.1	36.2	11.1	2.6	13.7	50.2
Q3 2001	1.8	220 741	30.4	2.5	17.2	15.9	66.0	0.1	-1.2	-1.1	35.0
Q4 2001	0.9	119 087	33.3	39.9	35.9	13.9	123.0	-18.6	-39.6	-58.2	35.2
Q1 2002	0.9	110 112	-10.5	32.3	43.0	36.9	101.8	-8.3	-26.6	-34.9	33.1
Q2 2002	1.7	220 493	-2.2	5.4	36.9	37.7	77.6	14.1	-16.2	-2.2	24.6
Q3 2002	2.9	372 033	-0.5	1.0	24.0	25.4	50.0	16.8	-8.6	8.2	41.9
Q4 2002	3.7	468 689	-1.0	2.0	22.3	23.6	46.9	13.1	-1.9	11.1	41.9
Q1 2003	3.3	417 394	1.6	-0.2	17.6	19.7	38.8	13.1	2.8	15.9	45.4
Q2 2003	2.3	295 106	4.5	0.3	9.6	9.5	23.9	12.4	4.4	16.8	59.3
Q3 2003	1.0	132 639	9.0	-5.9	14.5	15.5	33.2	16.4	11.5	28.0	38.8
Q4 2003	0.7	88 037	7.4	-15.4	18.6	29.6	40.2	17.3	13.9	31.2	28.6
Q1 2004	0.5	60 967	1.4	20.6	16.5	26.6	65.1	0.8	-39.9	-39.1	74.0
Q2 2004	0.7	91 118	-20.6	95.2	-29.6	-46.8	-1.8	-32.1	21.4	-10.7	112.5
Q3 2004	1.2	158 951	-19.1	59.9	-10.2	-30.3	0.3	-9.6	3.1	-6.5	106.3
Q4 2004	1.2	160 950	-12.1	58.6	-13.5	-33.1	-0.2	0.4	-0.7	-0.2	100.4

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours*, March 2005.

<sup>1</sup> Year-over-year net change in payroll employment is calculated as the variation between the level of employment in a given quarter and the level in the same quarter a year before.

<sup>2</sup> *Survey of Employment, Payrolls and Hours* data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data breaking down employment by size of firm also exclude unclassified industries.

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*Table 2: Year-over-year Annual Net Change<sup>1</sup> in Payroll Employment<sup>2</sup> by Industry and Firm Size, 2003 to 2004*

Industry	Change, y/y		Total Net Change by Size of Firm (Number of Employees)								
	%	Jobs	0-4	5-19	20-49	50-99	0-99	100-299	300-499	100-499	500+
Forestry	-6.3	-3 523	-463	289	-317	-354	-845	413	-126	287	-2 965
Mining and oil and gas extraction	3.6	5 338	277	465	1 008	-23	1 726	1 594	571	2 164	1 447
Utilities	5.7	6 509	105	197	-344	-801	-844	-2 119	-30	-2 149	9 502
Construction	3.9	25 039	-498	10 056	4 777	5 092	19 426	3 077	2 256	5 333	280
Manufacturing	-2.5	-50 328	-2 229	-325	-2 529	-5 487	-10 570	-4 462	-26	-4 487	-35 271
Wholesale trade	-1.4	-10 838	-3 551	2 893	-5 544	-2 170	-8 371	-763	598	-165	-2 302
Retail trade	2.9	47 039	-4 603	14 165	-3 223	-9 379	-3 040	-8 700	-112	-8 812	58 891
Transportation and warehousing	1.0	5 866	-85	1 129	343	-612	776	1 096	389	1 484	3 606
Information and cultural industries	-0.1	-345	-100	342	-415	796	623	-1 244	-628	-1 872	904
Finance and insurance	0.2	1 284	-1 640	1 606	-908	485	-458	4 750	1 846	6 596	-4 855
Real estate and rental and leasing	2.1	4 888	-519	2 892	-28	-1 322	1 024	-321	445	124	3 742
Professional, scientific and technical services	0.7	4 709	475	6 156	-1 712	-727	4 193	3 879	-643	3 237	-2 721
Management of companies and enterprises	0.0	0	185	714	310	-802	407	236	-777	-541	134
Administrative and support, waste management and remediation services	4.7	28 178	413	1 118	-2 321	919	128	454	-2 993	-2 540	30 590
Educational services	1.5	14 140	292	344	-586	-785	-736	491	-2 603	-2 112	16 989
Health care and social assistance	1.4	19 128	1 242	8 629	-3 336	-3 812	2 723	-87	373	286	16 120
Arts, entertainment and recreation	0.5	1 231	220	1 380	288	-975	913	-930	-1 348	-2 278	2 596
Accommodation and food services	0.4	3 527	-3 260	10 884	1 596	-11 587	-2 368	-9 100	1 743	-7 358	13 254
Other services (excluding public administration)	1.4	7 099	-3 095	9 022	-1 371	-1 937	2 620	154	1 625	1 779	2 700
Public administration	1.2	9 055	-99	271	556	1 519	2 247	756	-819	-63	6 870
<b>Canada total<sup>3</sup></b>	<b>0.9</b>	<b>117 997</b>	<b>-16 934</b>	<b>72 224</b>	<b>-13 755</b>	<b>-31 962</b>	<b>9 574</b>	<b>-10 829</b>	<b>-260</b>	<b>-11 088</b>	<b>119 510</b>

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours*, March 2005.

<sup>1</sup> The year-over-year annual net change in payroll employment is calculated as the difference between the average level of employment in the four quarters of 2004 and the average level of the four quarters of 2003.

<sup>2</sup> *Survey of Employment, Payrolls and Hours* data exclude self-employed workers who are not on a payroll, and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data breaking down employment by size of firm also exclude unclassified industries.

<sup>3</sup> Total net change in employment within each industry and by firm size may not add up due to rounding.



# SELF-*Employment*

**S**tatistics Canada's *Labour Force Survey* distinguishes five categories of self-employed workers:

- workers with incorporated businesses that use paid help;
- workers with incorporated businesses that don't use paid help;
- workers with unincorporated businesses that use paid help;
- workers with unincorporated businesses that don't use paid help;
- unpaid family workers.

Table 3 shows the breakdown of each category of worker, by gender, from 1994 to 2004, together with annualized growth rates. Over the last 10 years, the number of self-employed workers in Canada has experienced annualized growth of 1.9 percent, a rate that is still less than that for employees (2.1 percent).

Self-employment of both men and women grew significantly between 1994 and 1999, but then declined from 1999 to 2001 by 2.8 percent (annualized) for men and 5.1 percent for women. This reflected the slowdown of the economy in 2000 and 2001. Since 2001, the number of self-employed workers (both men and women) has again increased significantly with annualized growth of 2.3 percent and 2.7 percent respectively.

Proportionally, the number of self-employed women is rising relative to self-employed males. In 2004, women represented 34.2 percent of all self-employed workers, whereas they represented 33.5 percent in 1994. During this 10-year period, female self-employment grew by 2.1 percent (annualized) compared with 1.8 percent for male self-employment. However, it is important to note that, for part of this period — from 1999 to 2004 — female self-employment experienced a slowdown of -0.5 percent on an annual basis.

Over the last 10 years, an increasing number of self-employed workers have preferred to incorporate their businesses. This trend is particularly pronounced for self-employed workers without paid help, among whom the percentage who are incorporated has doubled during this period. The proportion of self-employed men with incorporated businesses that don't use paid help has risen from 5.8 percent in 1994 to 11.4 percent in 2004, compared with an increase from 1.9 percent to 4.3 percent for self-employed women in this category. An exception is the proportion of incorporated self-employed males with paid help, which has dropped 1.3 percentage points in the last 10 years. Nevertheless, all four categories of self-employed workers with incorporated businesses have experienced steady growth in the last three years. Between 2001 and 2004, their annualized growth rates ranged between 3.5 percent and 11.3 percent.

The number of unpaid family workers continues to drop particularly among women. Women unpaid family workers constitute only 0.8 percent of all self-employed workers, compared with 2.2 percent 10 years ago. This represents an annualized drop of 8 percent during this period.

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*Data as of April 1, 2005*

**Canada's real Gross Domestic Product (GDP)...** increased by 1.7 percent (annualized) in the fourth quarter of 2004, following a 2.9-percent rise in the third quarter. Growth was driven by final domestic demand (including consumer, business and government spending), which rose to 4.4 percent from 3.5 percent in the third quarter. Business inventory accumulation also contributed to growth. However, real exports fell again in the fourth quarter and real imports rose, resulting in net exports pulling down growth. On the income side, corporate profits (before taxes) rose 6.0 percent, about the same as in the third quarter but below the double-digit pace in the first half of the year. Personal disposable income grew 4.4 percent in the fourth quarter, up from 2.6 percent in the third quarter, reflecting a 4.5-percent growth in wages and salaries. In 2004, real GDP advanced 2.8 percent, up from 2.0 percent in 2003.

**Consumer spending...** rose 4.1 percent in the fourth quarter following 3.6-percent growth in the third quarter. Spending on durables moderated to 3.9 percent while non-durable spending increased considerably, reflecting increases in purchases of gasoline and food. Purchases of services rose 4.4 percent, due in part to a surge in the demand for travel services. Consumer spending was a source of strength throughout 2004, advancing 3.5 percent compared with 3.1 percent in 2003.

**Housing investment...** remained at record levels in the fourth quarter, as residential construction rose 7.0 percent. This follows a 5.1-percent rise in the third quarter. Recent indicators suggest that residential investment is moderating as housing starts in January and February averaged 11.6 percent below the level in the fourth quarter of 2004.

**Business investment in machinery and equipment...** advanced 14.4 percent in the fourth quarter compared with 9.1 percent in the third quarter, with particularly strong performance in the manufacturing sector. Non-residential construction grew 1.7 percent compared with 3.7-percent growth in the third quarter. In 2004, business investment in machinery and equipment accelerated to 9.4 percent from 4.5 percent in 2003.

**Corporate profits (before taxes)...** at 14 percent of GDP, were at record highs in the fourth quarter with strong results in the transportation, wood, paper and chemicals industries. During 2004, profits increased in most major sectors, underpinned by robust resource prices, healthy consumer spending, and higher export demand for Canadian goods.

**Real GDP at industry level (at basic prices)<sup>1</sup>...** increased by 0.2 percent in January — the same as in December. The increase in goods production moderated to 0.1 percent in January from 0.4 percent in December. A strong performance in the manufacturing sector (0.6-percent growth) was partly offset by a decline in production in the construction sector, the first decline since June 2004. Services output rose 0.3 percent in January on strength in the retail sales sector.

**The current account...** was \$25.2 billion (annualized) in the fourth quarter, \$8.2 billion lower than in the third quarter. However, this was the twenty-second consecutive quarterly surplus. For the year 2004, the current account surplus reached a record of \$33.8 billion, \$10.0 billion higher than the level in 2003.

<sup>1</sup> GDP measured at market prices is measured at purchaser's prices, including taxes paid. GDP at basic prices is GDP calculated at market prices, less taxes paid on products plus any subsidies on consumption.

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*Table 3: Self-employed in Canada, Shares and Annual Growth Rates by Category of Worker and Gender, 1994–2004*

	Men (Percent of All Self-employed)						Women (Percent of All Self-employed)					
	All Self-employed Men	No Paid Help		With Paid Help		Unpaid Family Workers	All Self-employed Women	No Paid Help		With Paid Help		Unpaid Family Workers
		Incorporated	Unincorporated	Incorporated	Unincorporated			Incorporated	Unincorporated	Incorporated	Unincorporated	
1994	66.5	5.8	29.2	18.4	12.5	0.6	33.5	1.9	20.8	4.6	4.0	2.2
1995	66.2	6.0	28.8	19.1	11.6	0.7	33.8	2.1	20.9	5.1	3.7	2.0
1996	65.5	6.6	29.6	17.8	11.0	0.6	34.5	2.1	21.8	4.8	3.8	1.9
1997	64.6	7.8	29.7	17.2	9.0	0.8	35.4	2.9	22.1	5.3	3.2	1.9
1998	64.3	7.5	31.0	16.2	8.9	0.7	35.7	2.8	22.8	4.9	3.4	1.8
1999	64.9	8.3	30.7	16.7	8.6	0.6	35.1	3.0	22.2	5.2	3.5	1.2
2000	64.8	9.1	30.1	16.3	8.7	0.5	35.2	3.2	21.5	5.6	3.7	1.2
2001	66.0	10.0	29.9	16.6	9.1	0.5	34.0	3.3	20.8	5.2	3.7	1.0
2002	64.8	10.4	29.2	16.1	8.6	0.5	35.2	3.6	21.7	5.4	3.6	0.9
2003	65.4	11.0	29.4	16.2	8.3	0.5	34.6	3.8	21.2	5.2	3.5	0.9
2004	65.8	11.4	28.9	17.1	8.0	0.4	34.2	4.3	20.2	5.7	3.2	0.8
<b>Growth Rates</b>												
1994–2004	1.8	8.9	1.8	1.1	-2.6	-1.7	2.1	10.4	1.6	4.2	-0.4	-8.0
1994–1999	3.3	11.3	4.9	1.8	-3.8	4.4	4.7	13.9	5.1	6.3	0.7	-7.6
1999–2001	-2.8	5.7	-4.9	-4.0	-0.7	-17.1	-5.1	1.1	-6.7	-3.7	-0.1	-14.2
2001–2004	2.3	7.0	1.3	3.5	-1.8	-0.5	2.7	11.3	1.5	6.1	-2.3	-4.2
1999–2004	0.3	6.5	-1.2	0.4	-1.4	-7.5	-0.5	7.1	-1.8	2.1	-1.4	-8.4

Source: Statistics Canada, *Labour Force Survey*, 2004.

## FINANCING

### State of Canadian Venture Capital (VC) Activity, 2004

**I**n 2004, for the first time since 2000, investment by the Canadian venture capital (VC) industry increased, with \$1.8 billion invested in 589 companies — an increase of 6 percent from the \$1.7 billion invested in 647 firms in 2003 (Table 4). The United States VC industry also reversed a 3-year downward trend, with total annual investment of US\$20.9 billion in 2399 firms in 2004, up 11 percent from US\$18.9 billion invested in 2359 firms in 2003.

In Canada, labour-sponsored venture capital corporations (LSVCCs) invested \$582 million, accounting for 33 percent of total investment in 2004. Foreign investors (mostly American) were also key contributors to Canadian VC activity,

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Data as of April 1, 2005

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with \$479 million (27 percent of the total) invested, up from \$336 million (20 percent of the total) invested in 2003. Private independent funds invested \$267 million (or 15 percent of total investment).

Despite the growth of VC investment, inflows into Canadian funds fell by 15 percent, from \$2 billion in new capital committed to Canadian funds in 2003 to \$1.7 billion in 2004. Much of this decline in fund-raising was attributable to a 25-percent reduction in sales by LSVCCs, which, as in recent years, captured 67 percent of total capital raised in 2004. Private independent funds raised 26 percent of new capital in 2004 or \$445 million, up from \$266 million in 2003. The slower fund-raising activity in Canada in 2004 contrasted with activity in the U.S., where the VC industry saw the most active fund-raising since 2001 (US\$17.6 billion of new capital was raised, a 66-percent increase from 2003).

As a result of slow fund-raising activities and other changes in the industry, the Canadian VC industry's pool of capital under management declined by 8 percent in 2004, from \$22.4 billion in 2003 to \$20.7 billion in 2004. Capital available for investments (liquidity) also declined, from \$5.5 billion in 2003 to \$4.9 billion in 2004 — an 11-percent drop.

*Table 4: Canadian Venture Capital Activity  
Over the 1998–2004 Period*

Year	Amounts Invested (\$ Million)	Number of Companies Financed
1998	1558	812
1999	2650	814
2000	5778	1006
2001	3715	743
2002	2529	681
2003	1662	647
2004	1763	589

Source: MacDonald and Associates Limited.

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**Employment...** rose 27 000 in February, after three months of little change. The rise was due to a recovery in public sector employment, which rose by 38 000. Employment in the private sector fell, as paid employment declined by 36 000, while self-employment rose by 24 000. By industry, employment in goods declined by 30 000, mainly in the manufacturing sector (28 000). Services employment surged by 57 000 with the increase spread among most sectors. The unemployment rate was unchanged at 7.0 percent as more people entered the labour market.

**The Consumer Price Index (CPI)...** (year-over-year change in prices) was 2.1 percent in February, up from 2.0 percent in January. Core inflation, which excludes the eight most volatile components and indirect taxes, rose to 1.8 percent from 1.6 percent, but was still below the mid-point of the 1 percent to 3 percent official target range. In 2004, the total CPI was 1.8 percent, down from 2.7 percent in 2003.

**Private and public investment intentions...** are expected to increase 6.0 percent in 2005. Robust profits, high oil prices, infrastructure improvements and an increase in manufacturing investment should all combine to produce the largest boost to investment intentions in recent years. In particular, investment in manufacturing and in mining, oil and gas extraction is expected to rise markedly in 2005 (by 14.9 percent and 12.2 percent respectively), while government investment is expected to continue an upward trend.

**The economic outlook...** has been revised down somewhat, with the *Consensus Forecast* survey of March expecting real GDP growth of 2.6 percent in 2005 and 3.0 percent in 2006, compared with 2.8 percent in 2005 and 3.0 percent in 2006 expected one month ago. In the meantime, growth in the United States was revised up 0.2 percentage point to 3.7 percent for 2005 and remained at 3.4 percent for 2006.

**The Bank of Canada...** kept the target for the overnight rate unchanged at 2.5 percent on March 1, as developments since its January *Monetary Policy Report Update* point to continued low inflation and moderate economic growth in the near term. On the other hand, new evidence of upward pressure on inflation in the U.S. in part led the Federal Reserve to continue raising the federal funds rate on March 22. Since June 2004, the Federal Reserve has raised the federal funds rate 175 basis points (bps) to 2.75 percent. With rates rising in the U.S. while remaining stable in Canada, both short-term and long-term Canada–U.S. rate spreads were negative in March.

**The Canadian dollar...** closed at US\$0.823 on April 1, 2005, up 3.4 percent since a recent low on February 7. The loonie's rise was mostly due to weakness in the U.S. dollar, despite a negative and widening spread between Canadian and U.S. interest rates.

The "Economic Snapshot" is prepared by the Micro-Economic Policy Analysis Branch of Industry Canada. Please address comments to Kevin Koch at 613-948-4068 or at [koch.kevin@ic.gc.ca](mailto:koch.kevin@ic.gc.ca)

# RECENT *Developments*

## Annual Conference of the Administrative Sciences Association of Canada in Toronto, May 28–31, 2005

**T**he 2005 annual conference of the Administrative Sciences Association of Canada (ASAC) will be held at the Delta Chelsea Hotel in Toronto from May 28 to 31 and is being organized by Ryerson University's Faculty of Business. The conference theme will be "Managing in Turbulent Times" and presentations will focus on current challenges facing managers, especially technological change, market shifts and resource constraints, in an era of heightened security concerns and increased uncertainties.

For further information about ASAC and the May conference, please visit the association's Web site at [www.asac.ca](http://www.asac.ca)

## Advisory Committee on Paperwork Burden Reduction

**A**mong the concerns most often cited by small businesses is the impact of regulation on the cost of doing business and the ability of firms to attract investment. "Paperwork burden" stems from a multitude of different regulatory compliance activities in distinct jurisdictions in three orders of government. The new Advisory Committee on Paperwork Burden Reduction, co-chaired by Industry Canada and the Canadian Federation of Independent Business, aims to make measurable reductions in the burden on businesses and to track government's performance over time. Among the early products approved at the committee's first meeting on March 1, 2005, was the collection of baseline data on the cost of regulatory compliance by firms of different sizes.

Background information on the committee's work can be found on the Smart Regulation Web site at [www.regulation.gc.ca](http://www.regulation.gc.ca)

## *Small Business Quarterly* Small Business Policy Branch

The *Small Business Quarterly* (SBQ) provides a quick and easy-to-read snapshot of the recent performance of Canada's small business sector. The SBQ is published by the Small Business Policy Branch of Industry Canada.

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