



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

Cost Estimate of Election Campaign Proposal

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Short Title: Financial support for small businesses

Description: Providing loans equivalent to four months of pre-pandemic revenue, up to a maximum of \$200,000, to small businesses on similar terms as the CEBA. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness equal to 50% of the percentage loss in revenue in 2020, up to a maximum of 25%. This proposal will be effective November 1, 2021.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		2,199	-	-	-	-	2,199

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: PBO used Statistics Canada data and annual reports from the Business Development Bank of Canada to estimate the cost of this proposal. The cost included loan forgiveness and provisions for default.

Source of Uncertainty: The main sources of uncertainty relate to the estimated number of businesses that would apply for the loan and the proportion repaying their balance before December 31, 2022.

Data Sources:	Variable	Source
	Small business revenues	Statistics Canada
	Default rate on payment	Business Development Bank of Canada