

MAXIMIZING

THE POTENTIAL OF THE COMMUNITY FUTURES PROGRAM PROPOSAL FOR A RENEWED PARTNERSHIP WITH THE FEDERAL GOVERNMENT

community futures
NETWORK OF CANADA



réseau de développement
DES COLLECTIVITÉS DU CANADA

MINISTERIAL BRIEF

THE CHALLENGE

The challenge Canada faces is to ensure that all of our entrepreneurs, in all regions of the country, have ready access to the level of financing and support they need to build businesses that can compete in today's challenging business environment.

Canada's entrepreneurs need a sufficient supply of capital to start and grow enterprises that can commercialize new ideas into valuable products and services. We need to encourage and nurture that development to ensure we can create the high-quality jobs that are needed throughout the country.

Unless we are able to grow and sustain a diverse group of strong, innovative and productive businesses in both urban and rural Canada, our long-term ability to provide quality products, on time and at a competitive price to world markets will be seriously compromised.



COMMUNITY FUTURES: A PROVEN MODEL OF SUSTAINABLE DEVELOPMENT

The success of the Community Futures Program (CFP) has been nothing short of phenomenal. Since 1985, Community Futures Organizations (CFOs) have:

- Disbursed over 125,000 small business loans for a total investment of \$4.8 billion;
- Created well over 500,000 jobs across Canada;
- Grown their initial investment funds from \$570 million to over \$1.2 billion;
- From April 1, 2002 to March 31, 2014, leveraged \$6 billion through their investments to make a total investment of \$9.2 billion into Canada's rural economy;

- Created or maintained an average of 4.1 jobs per business supported (8.4 jobs in 2014);
- Helped businesses perform better, create more jobs and pay better wages than non CFO-assisted businesses;
- Helped generate additional federal tax dollars;
- Addressed broad local and regional economic challenges through community economic development (CED) initiatives.

ACHIEVING THE FULL POTENTIAL OF THE COMMUNITY FUTURES PROGRAM

Community Futures is capable of much more. But, to be able to perform at maximum capacity and achieve its full potential, the Community Futures Program needs to be strengthened.

1. MODERNIZATION OF THE COMMUNITY FUTURES PROGRAM

CFOs need to be given greater freedom to help build a business community that embraces change, is willing to take smart risks and is sufficiently resourceful to create new products and services.

We need greater autonomy and flexibility regarding the use of our investment funds:

- CFOs need to be given the freedom to use the interest that has been generated through the use of their investment funds in the ways that they feel will best serve the communities in their service area.
- CFOs should have the opportunity to provide financial assistance to any SME or social enterprise, up to a limit of \$300,000.
- CFOs should have the ability to charge a rate of interest that they feel is appropriate, while ensuring they are not in competition with private sector lenders. The CFO-assisted clients should not be penalized for their inability to access financing from traditional lenders.

2. APPROPRIATE, EQUITABLE AND STABLE PROGRAM FUNDING

- a. Funding caps applied more than ten years ago, combined with inflation, have served to seriously reduce the capacity of the CFOs to provide the level of service that their clients and communities require. As such, the current level of funding that is being applied to the operation of CFOs is insufficient. We need adequate, equitable and indexed five-year funding agreements for CFOs, in all regions of the country. A minimum, average operational funding level of \$400,000, with a maximum limit of \$600,000, should be established across Canada.
- b. CFO-assisted entrepreneurs need to be encouraged to invest in growing their business operations. To be able to properly support the growth and expansion plans of our clients, the maximum total amount of contributions that may be made to CFOs for their Investment Fund should be increased from \$6 million to \$10 million. The maximum cumulative amount of contribution funding for any Investment Fund Pool (i.e., Common Fund) should also be increased from \$35 million to \$50 million.

- c. Insufficient funding has been allocated for local community economic development (CED) initiatives. A special Sustainable Community Fund of \$100 million should be established for use by CFOs to support local projects that promote innovation and resilience in their regions. The Sustainable Community Fund would be administered by the Regional Development Agencies (RDAs) in partnership with the CFOs.

3. INTEGRATED PROGRAM POLICY DEVELOPMENT AND EVALUATION

- a. We are eager to assist Minister Bains and his Department in fulfilling the mandate to improve the quality and impact of federal programs that support innovation, scientific research and entrepreneurship. This can be more effectively achieved during this important period of program revitalization and renewal through the establishment of a direct and open channel of communication between the Community Futures Network of Canada and Innovation, Science and Economic Development Canada.
- b. CFOs and their networks need to be directly involved in all aspects of the CFPs' evaluation process. An open and inclusive process, involving all of the expertise that we have available to us, will help ensure that the efforts applied to evaluating our accomplishments are the most effective.

4. COLLABORATION IN FEDERAL PROGRAM DELIVERY

We believe that the CFOs and their networks represent a valuable infrastructure that can be of assistance to the Government of Canada and should be considered as well-suited delivery agents for a broad range of other federal programs and services across Canada, particularly those that relate, in one way or another, to Canada's Innovation Agenda.

Please accept these proposals as a list of positive and constructive ways we feel the Community Futures Program can be strengthened so that we can work more effectively with the federal government in helping to build Canada as a global centre for innovation. We trust they will receive a favourable response.



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