

# Almost one-third of the Canada Emergency Business Account loans went to cover payroll expenses in the second quarter

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Almost one-third of the Canada Emergency Business Account (CEBA) loans business received this spring went to cover payroll expenses, while three-quarters of businesses reported that CEBA funding was essential to continue operations.

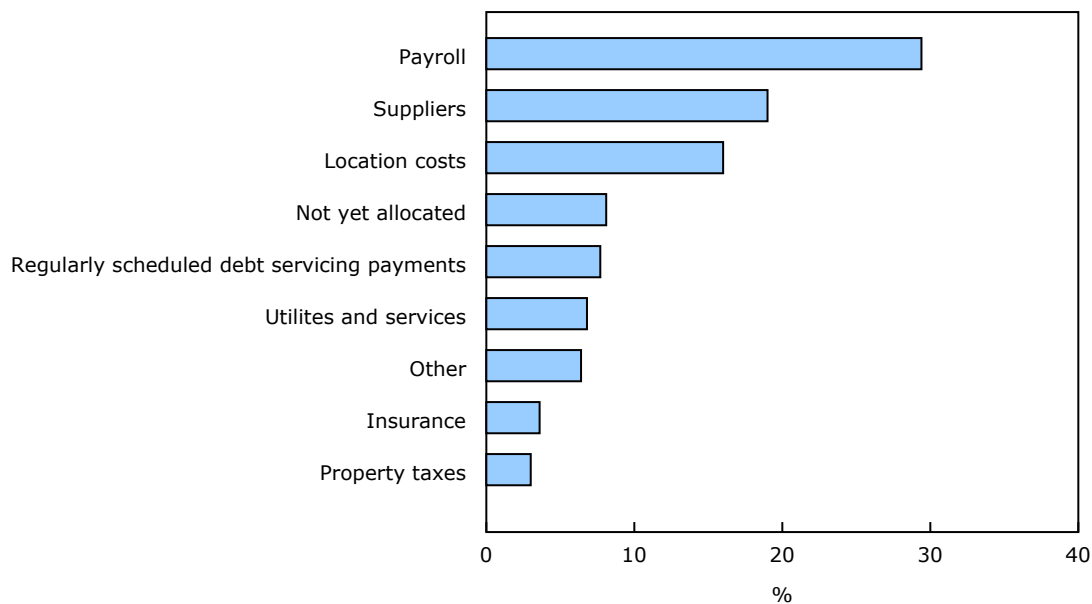
The CEBA is a component of the Government of Canada's COVID-19 Economic Response Plan. CEBA was launched on April 9, 2020. CEBA was designed to provide zero interest, partially forgivable loans to small and medium businesses to help finance expenses that could not be avoided or deferred as they took steps to safely navigate the shutdown this spring, thereby helping to position them for a successful relaunch when the economy reopened. The results presented in this release are findings from a sample of enterprises that were approved for CEBA loans in April and May 2020.

## Loan approvals by sector

The construction industry (14.1%) received the largest number of loan approvals, followed by professional, scientific and technical services (12.5%) and retail trade (11.0%).

### Chart 1

#### Allocation of funds withdrawn from the Canada Emergency Business Account



Source(s): Survey of the Canada Emergency Business Account, 2020 (5327).

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## Almost one-third of Canada Emergency Business Account loans were withdrawn to pay for employee compensation

The largest share of funds (29.4%) was withdrawn to cover payroll expenses, followed by payments to suppliers (19.0%). Location costs (16.0%), utilities and services, (6.8%) and property tax (3.0%) combined, represented over one-quarter of where businesses allocated funds from CEBA loans.

### Reported sales

Just over three-quarters of businesses (75.7%) who received a loan reported lower sales of goods and services from April 1 to June 30 compared with the same period in 2019. Businesses in the accommodation and food services sector were most likely to experience a decline in sales (83.8%). Among businesses reporting declines, two-fifths (40.5%) reported declines of over 50%.

## Businesses indicated Canada Emergency Business Account funding essential to continue operations

Over half (53.7%) of business reported that CEBA was necessary and sufficient to extend operations, while one-fifth (20.6%) said that other types of government support were required in addition to CEBA. Just over 1 in 10 (12.7%) businesses indicated they could have maintained operations without CEBA, while another 1 in 10 (11.9%) said they did not know.

While businesses were able to participate in more than one government support program, nearly half (45.5%) relied solely on CEBA for support during the pandemic. Almost half (47.8%) of businesses who received CEBA funding reported that they also received either the Canada Emergency Wage Subsidy, the Temporary Wage Subsidy, or both.

Almost one-third (30.4%) of businesses also reported accessing non-government funding. The most common finance option was a drawdown of an existing line of credit (13.0%), followed by drawing on personal savings or a loan from friends or family (11.9%).

## More small businesses were approved for the Canada Emergency Business Account loan program than large businesses

Businesses with 1 to 9 employees accounted for over three-quarters (77.4%) of approved CEBA loans, while those with 10 or more employees accounted for almost one-quarter (22.6%) of all loan approvals.

### Note to readers

*The 2020 Survey of the Canada Emergency Business Account (CEBA) was conducted in partnership with a consortium of federal organizations, led by Innovation, Science and Economic Development Canada. The survey tracked how CEBA funds were used, as well as the impact of those funds on businesses during the pandemic.*

*The results from this survey are based on a sample of businesses who were approved for loans in April and May 2020, under the initial eligibility criteria for the survey. The eligibility criteria for the CEBA program were subsequently expanded in June and again in October. The program has also been extended and will remain open for new applicants until December 31, 2020. A follow-up survey may be conducted in the future to further assess the program and the changes made to it.*

*Statistics Canada would like to thank participants who took the time to answer questions during this challenging time.*

*Please visit [Canada Emergency Business Account](#) for more information.*

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**Definitions, data sources and methods: survey number [5327](#).**

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [STATCAN.infostats-infostats.STATCAN@canada.ca](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).