

Survey of the Canada Emergency Business Account, first quarter 2021

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By the first quarter of 2021, over half of the businesses that received a Canada Emergency Business Account (CEBA) loan reported that the funding was essential to continue operations during the pandemic. From April 2020 to May 2021, 29.3% of the CEBA loans were used to pay employee wages. Three-quarters of the businesses that received a CEBA loan expect to fully repay it by December 31, 2022, to qualify for maximum loan forgiveness.

The CEBA is a component of the Government of Canada's COVID-19 Economic Response Plan. It was launched on April 9, 2020, and expanded in December 2020. The 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 shutdowns resulting from public health measures to mitigate the spread of COVID-19. The loans will also help businesses to position for a successful relaunch once the public health measures are lifted and the economy is reopened.

The results presented in this release are from a sample of enterprises that were approved for CEBA loans from April 2020 to January 2021. The survey was conducted in April and May 2021.

Small businesses account for the majority of businesses approved for the CEBA loan program

Businesses with 0 to 9 employees accounted for 82.2% of approved CEBA loans as of May 2021, while those with 10 or more employees accounted for 17.8% of all loan approvals.

Over 90% of the firms in finance and services, transport and warehousing as well as agriculture, forestry, fishing and hunting that were approved for the CEBA program were small (less than 10 employees), compared with over half of businesses in accommodation and food services (54.1%).

Businesses in the construction sector received the largest number of approvals

Of the total number of approved loans, the construction industry received the largest share (12.9%) as of May 2021, followed by professional, scientific and technical services (11.8%) and retail trade (10.4%). Together, these three industries accounted for over one-third of all CEBA loans.

Conversely, relatively few loans have been approved for the utilities (0.02%), management of companies and enterprises (0.11%), and mining and oil and gas extraction (0.49%) industries.

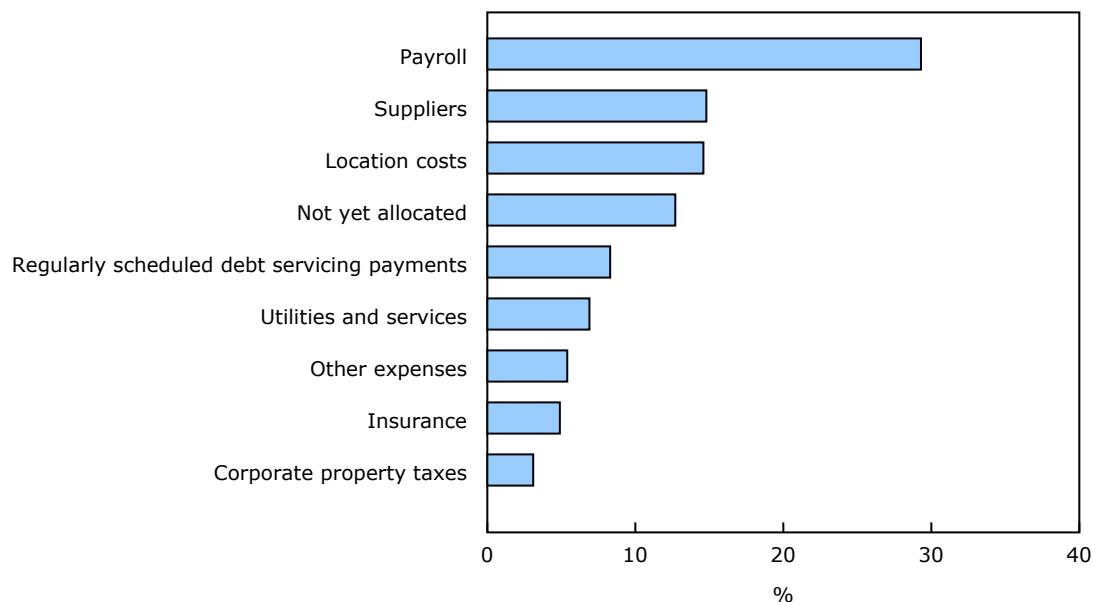
Almost one-third of CEBA loans were used to pay employee wages

From April 2020 to May 2021, 29.3% of the CEBA loans received went to cover payroll expenses, 14.8% went to cover payments to suppliers and 14.6%, for location costs.

Businesses spent nearly one-quarter of the CEBA loans on debt servicing (8.3%), utilities and services (6.9%), insurance (4.9%) and property taxes (3.1%). The order of this allocation of funds has not changed since the [2020 Survey of the Canada Emergency Business Account](#).



Chart 1
Allocation of funds withdrawn from the Canada Emergency Business Account, April 2020 to May 2021



Source(s): Survey of the Canada Emergency Business Account, 2021 (5327).

Half of the businesses that received CEBA report lower sales in the first quarter of 2021 year over year

Half of the businesses (50.4%) that received a CEBA loan reported lower sales in the first quarter of 2021 compared with the first quarter of 2020, which was mostly pre-pandemic. In particular, three-fifths (59.7%) of businesses reporting a sales drop in the first quarter of 2021 said sales fell by 30% or more.

In contrast, 21.7% of businesses that received a loan reported an increase in sales, while 17.5% reported no change in sales during the same reference period.

Over 10% of businesses said they had no sales during the reference period because their operations do not involve sales at all, or due to seasonal factors.

Businesses in accommodation and food services were most likely to report a sales decline (67.4%), followed by those in retail (55.2%).

Over half of businesses report that CEBA funding was essential to continue operations

Over half of businesses (55.9%) reported that CEBA was necessary and sufficient to extend operations during the pandemic, while just over one-quarter (26.1%) said that other types of government support were required in addition to CEBA. Less than one in five businesses said they could have either maintained operations without CEBA (9.4%) or did not know (8.6%) if CEBA funding was essential to continue operations.

While businesses were able to apply to more than one government support program, 43.1% relied solely on CEBA during the pandemic. Over three in five (62.8%) businesses that received CEBA funding said they also received either the Canada Emergency Wage Subsidy, the Temporary Wage Subsidy, or both.

Three-quarters of businesses expect to repay their loan by December 31, 2022

Three-quarters (75.4%) of businesses expect to repay their loan by December 31, 2022, to qualify for maximum loan forgiveness, while 2.1% do not expect to repay any portion of the loan by December 31, 2022.

Businesses in agriculture, forestry, fishing and hunting as well as mining and oil and gas extraction were most likely to expect repaying their loan (85.5%), followed by those in finance and insurance (82.0%) and wholesale trade (79.1%). Businesses in the accommodation and food services industry (58.4%) were the least likely to report that they expect to repay their loan by December 31, 2022.

Fewer businesses with no employees (70.4%) said they expected to repay the loan by December 31, 2022, compared with businesses with 10 or more employees (79.5%).

Over half of businesses have spent all of their CEBA loan

Over half (54.4%) of businesses that received a loan had spent their entire CEBA loan as of May 2021, including the initial loan available as of April 9, 2020, plus the additional loan available as of December 4, 2020. Over half of the businesses that had spent their entire CEBA loan (53.1%) did so within four months of receiving it.

Note to readers

The 2021 Survey of the Canada Emergency Business Account supplemented the 2020 survey to further assess the CEBA loan program, including its expansion in December 2020. It 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 effect of those funds on businesses during the pandemic.

The results from this survey are based on a sample of businesses that were approved for loans between April 2020 and January 2021. It includes businesses approved under the initial eligibility criteria in April 2020 and under the expanded eligibility criteria in June and October 2020. In December 2020, the maximum amount of the CEBA loan increased to \$60,000 for all approved CEBA applicants. The program accepted new applicants until June 30, 2021.

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.

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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).