

NORTH VANCOUVER CHAMBER

**CEBA LOAN
REPAYMENT
SURVEY RESULTS**

(CEBA - Canadian Emergency Business Account)

SEPTEMBER 2023



NORTH VANCOUVER
CHAMBER

CEBA Background

In response to the COVID-19 pandemic's effect on the economy in 2020, the Government of Canada launched the CEBA loan program, with eligible businesses receiving up to a \$60,000 interest-free loan. The current deadline to repay the loan on or before December 31, 2023, for eligible CEBA borrowers in good standing, will result in loan forgiveness of up to 33% (up to \$20,000).

In July 2023, as part of a national coalition of Chambers, the North Vancouver Chamber called on the federal government to extend the repayment deadline for CEBA (Canadian Emergency Business Account) loans for businesses.

Many businesses are still struggling, and a deadline extension would provide much-needed relief, allowing them more time to recover and generate income. This would prevent unnecessary financial strain on businesses and help sustain jobs and economic stability in these uncertain times.

As the repayment deadline approached, we reached out to businesses to learn more about their opinions on the repayment deadline and its impact on their business.

For the latest information on the CEBA loan program, visit <https://ceba-cuec.ca/>

July 24, 2023

Sent via email.

The Honourable Chrystia Freeland
Deputy Prime Minister
Minister of Finance
Member of Parliament, University—Rosedale, Ontario
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario
K1A 0G5

Subject: Industry Associations Call for More Time to Repay CEBA loans

Dear Minister Freeland:

Industry associations representing hundreds of thousands of businesses across Canada are urging you to extend the current Canada Emergency Business Account (CEBA) repayment deadline by two years to the end of 2025, or at least by one year, while maintaining access to the forgivable portion.

Almost 900,000 CEBA loans were approved across Canada. Many businesses had no choice but to take on this loan due to circumstances beyond their control. This includes businesses in some of the hardest hit industries such as the retail industry and tourism sector. Mandatory business closures and other government health restrictions left businesses with severe income losses and cash flow issues.

Despite their best efforts, high interest rates, inflation and increased labour costs are making it difficult for small-and-medium size businesses to keep their heads above water, let alone make any dent in the debt many had to take on to survive pandemic restrictions. A recent analysis of over 15,000 Canadian businesses found that inflation, input costs, and interest/debt costs are the three most acute obstacles faced by business (at 56%, 40% and 38%, respectively), and the smaller the firm, the more constrained they are by debt.

Moreover, recent surveys focussed on CEBA loan-holder companies reveal that:

¹ Canadian Chamber analysis; Statistics Canada, Canadian Survey on Business Conditions (June 2023). https://bdi-ide.ca/wp-content/uploads/2023/06/2023_Q2_CSBC_Report_Final_EN

Note:

Survey responses were completed prior to Sept 14th government announcement of small extension:

- until Jan. 18, 2024 to qualify for debt forgiveness.

- until March 28 to qualify if refinancing their loans

All loans will start accruing 5% interest if not repaid by Jan. 19.

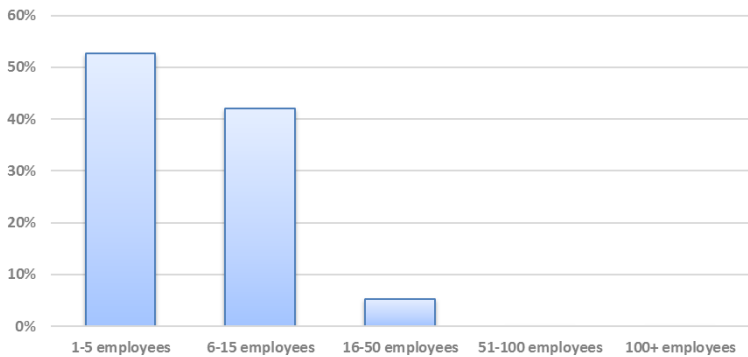
What is your role in your business / organisation?



Survey Respondents

Majority of respondents are owners & leaders of small businesses.

How many employees does your business / organisation employ?



All owners, Partners, or top executives.

Business Size:

1-5 employees: 53%

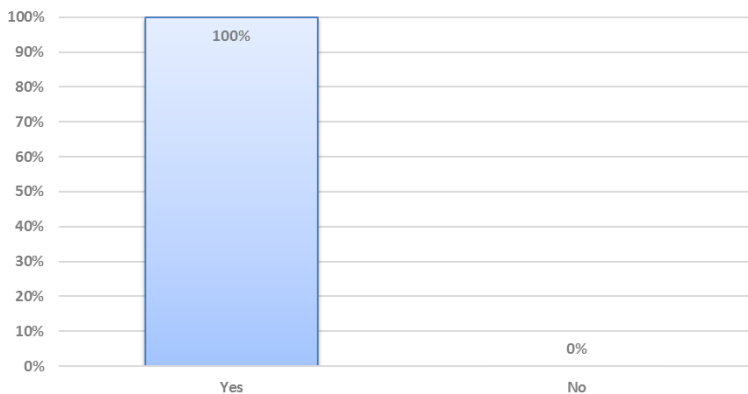
6-15 employees: 42%

16+ employees: 5%

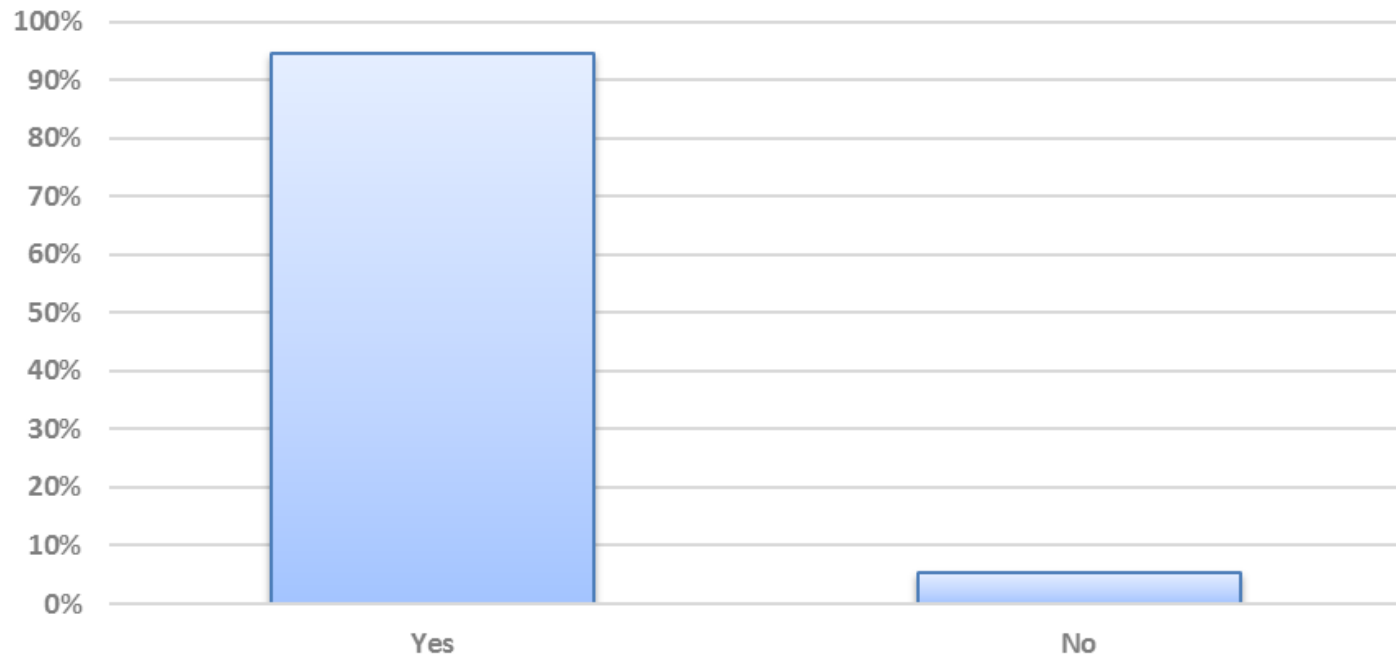
n=19 (small sample)

All respondent businesses had taken out a CEBA loan.

Did your business take out a CEBA loan?



Did the CEBA loan help you sustain your business operations during COVID?

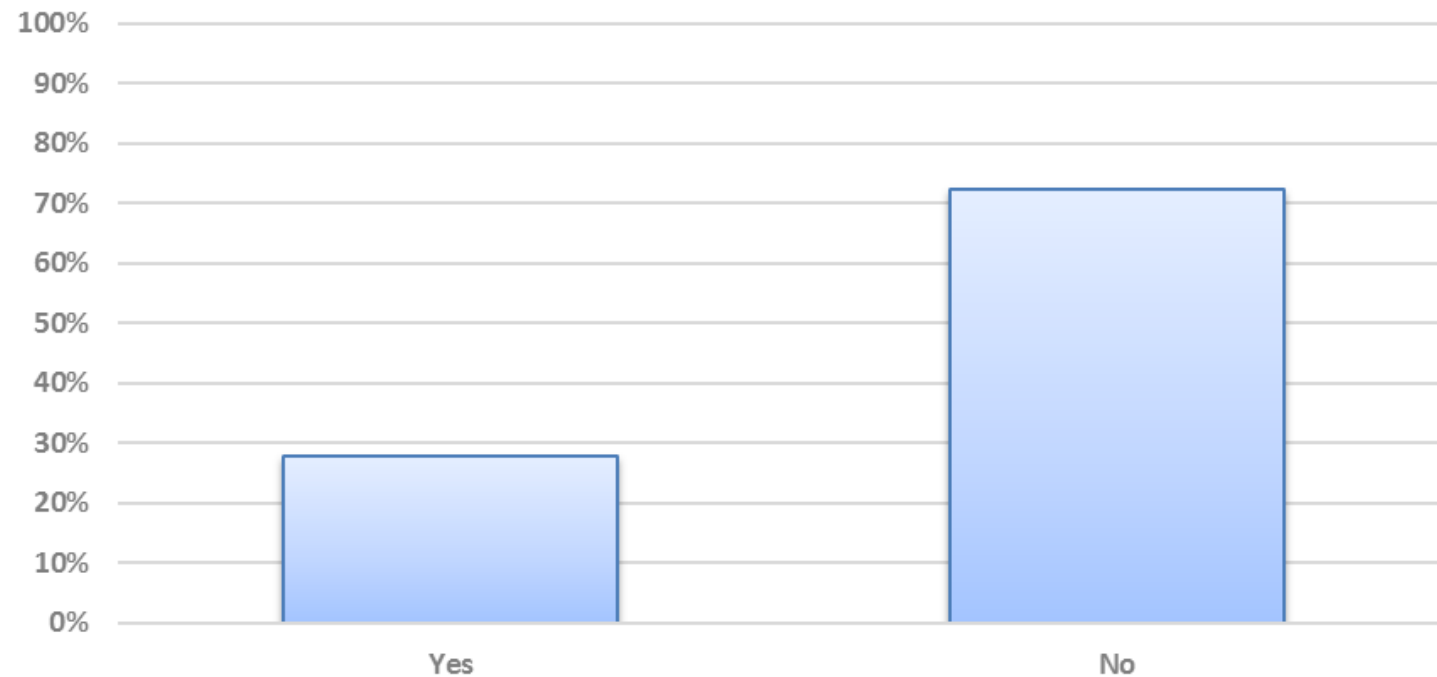


95% of respondents felt the CEBA loan helped them sustain their business during COVID.

Survey Comment:

“It was a national life raft for small business in a time of unknown survival. A rare economical impact that did take its toll on many “mom and pop” size family establishments. The government of the day did the right thing by creating a lifeline of support.”

Will you be able to pay back your CEBA loan by the December 31 deadline?



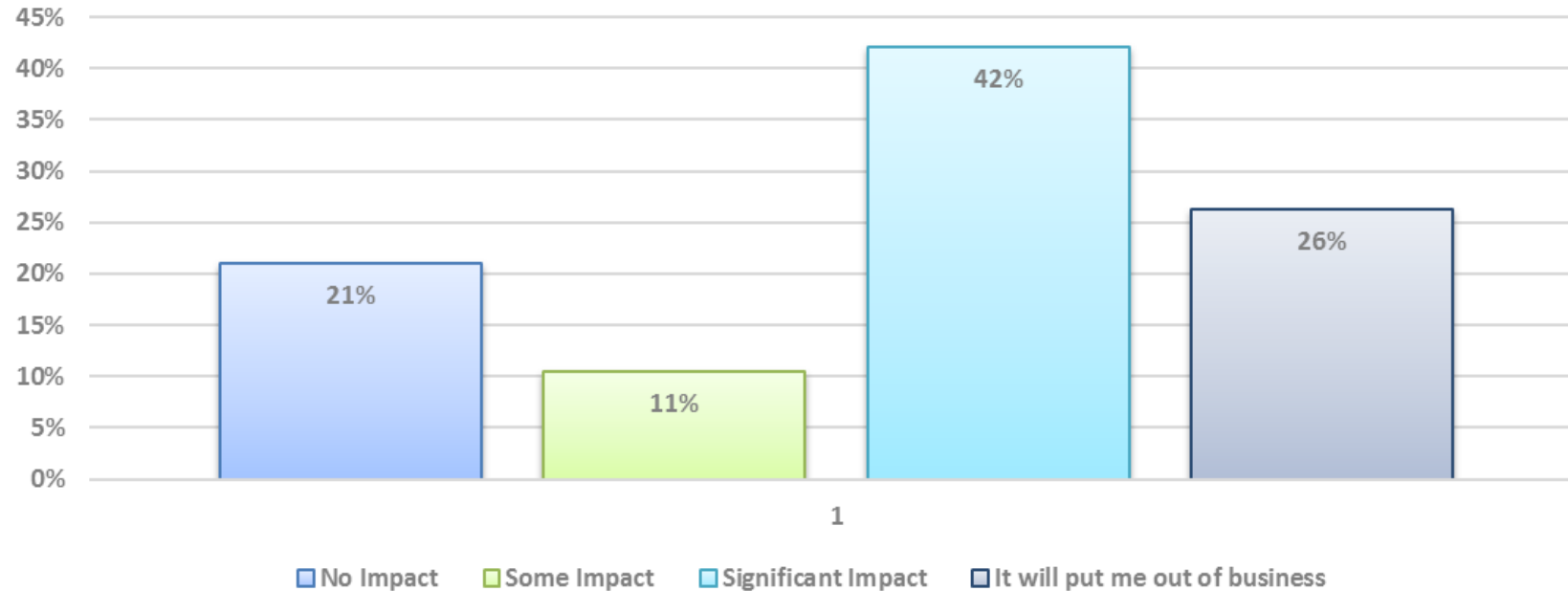
72% respondents will not be able to pay back their CEBA loan.

Survey Comment:

“As accountants, we have many clients who are facing an extremely tough decision:

- 1) beg/borrow/steal to repay the loan by Dec 31 as they don't have enough cash available, so they can keep the non-repayable grant portion*
- 2) not repay the loan, lose the grant portion, have an even higher amount of debt going forward, now with interest”*

How will the loan repayment deadline of Dec 31 2023 impact the viability of your business?

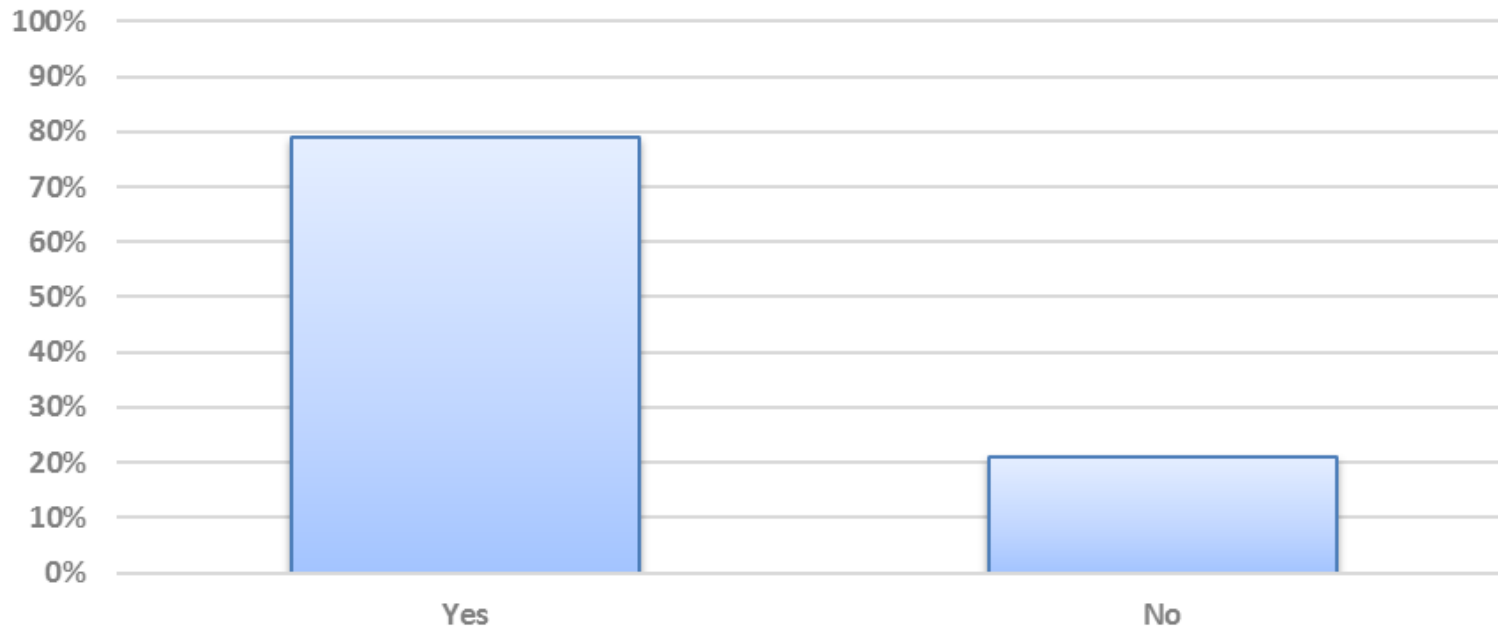


68% of respondents felt the CEBA repayment deadline will significantly impact their business or put them out of business.

Survey Comment

“Unfortunately, although the loan was critical to our survival, business since the pandemic ended has been terrible. Economic uncertainty and high interest rates are making entrepreneurs reluctant to expand or start new businesses, and this is our bread and butter.”

Do you think the CEBA repayment deadline of Dec 31st 2023 should be extended?



79% of respondents think CEBA repayment deadline should be extended.

Survey Comment:

“We wish to pay this back, but we would like at least 1 year extension to receive the benefit of no interest and only having to pay back \$30K of the \$40K and \$10K of the \$20K extension loan. This would help us significantly.”