



# CEBA REPAYMENT IMPACT REPORT

JANUARY 2024

**SBOT**  
SURREY BOARD OF TRADE

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# INTRODUCTION

## WHO WE ARE

The Surrey Board of Trade supports, promotes, and advocates for commercial and industrial interests for Surrey businesses — the city's economic drivers. With Surrey's significance growing rapidly in the Lower Mainland of British Columbia and across Canada, so does the importance of the Surrey Board of Trade's role in championing a strong, vibrant business community, and instigating change at the different levels of government.

## OUR MEMBERSHIP

Surrey Board of Trade is a powerful link between business, government, and community with a membership of 6,000 member contacts and 60,000 employees.

## WHAT WE DO

Since 1918, the Surrey Board of Trade provides businesses and organizations with:

1. Economic opportunity
2. International trade
3. Government advocacy
4. Business connections

Members can further expand their client base with our numerous networking opportunities throughout the year. We provide multiple levels of opportunity for members to promote their brand through business-to-business engagement and thought leadership.

## ADVOCACY

We are an independent voice of business that develops positions on relevant topics of concern to our members.

No individual can succeed alone, nor can any business thrive without colleagues and support. The Surrey Board of Trade is here to help. With our many connections to government representatives, we advocate on their behalf.

## PURPOSE OF SURVEYS

The Surrey Board of Trade periodically implements surveys, either voluntary opt-in or scientifically rigorous, on a range of topics. Member participation is voluntary and anonymous; however, the data is an invaluable tool for advocacy and policy development.

We thank all those who gave a few minutes of their time to provide information and direction on Surrey Board of Trade surveys.

## CEBA REPAYMENT AND RISING BUSINESS COST IMPACT SURVEY

In order to comprehend the prevailing challenges that businesses are encountering with respect to the Canada Emergency Business Account (CEBA) loan repayment and escalating costs, it is imperative to delve into the intricacies of the economic landscape and the specific conditions surrounding the implementation of the CEBA program.

The CEBA was introduced as a financial aid initiative by the Canadian government to support businesses during the economic uncertainties triggered by the COVID-19 pandemic. While the program initially

provided a lifeline for many businesses, the repayment phase has brought forth a set of challenges. Input, in this context, plays a pivotal role as it serves as the informational foundation for comprehending the multifaceted issues at hand.

One of the primary challenges businesses face is related to their financial capacity to meet the loan repayment obligations. The input, in this case, involves gathering data on the financial health of businesses, analyzing their cash flow, revenue trends, and profitability. Understanding these financial metrics is crucial in assessing whether businesses can manage the repayment without compromising their operational capabilities or resorting to drastic measures such as layoffs or downsizing.

Additionally, input in the form of market analysis and economic trends is essential. Rising costs, including but not limited to inflation, increased commodity prices, and supply chain disruptions, contribute significantly to the financial strain on businesses. Input data related to these economic factors aids in developing a comprehensive understanding of the external pressures that contribute to the challenges faced by businesses in meeting their financial obligations.

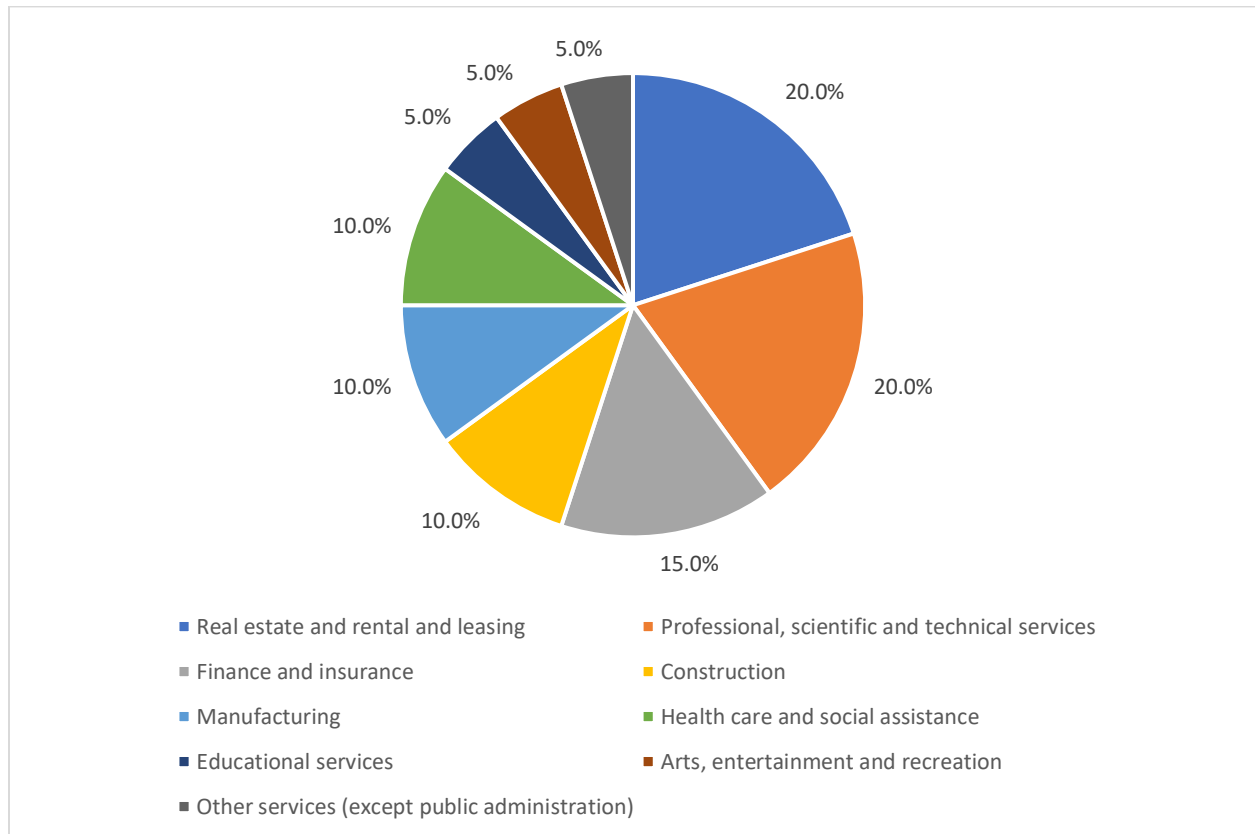
Furthermore, input from businesses themselves is vital in identifying specific pain points. Surveys, feedback, and direct communication channels with businesses allow policymakers and financial institutions to gather qualitative data on the ground-level challenges faced by different sectors and industries. This qualitative input helps in tailoring solutions and support mechanisms that are more targeted and effective.

## CEBA LOAN REPAYMENT RESULTS SUMMARY

Respondents were asked a series of questions related to the CEBA loan. All respondents were able to answer these questions even if they did not take the loan as it still provides an indication as to whether a critical mass of businesses took it and are experiencing difficulty paying it back.

### Question 1

#### NAICS Industry

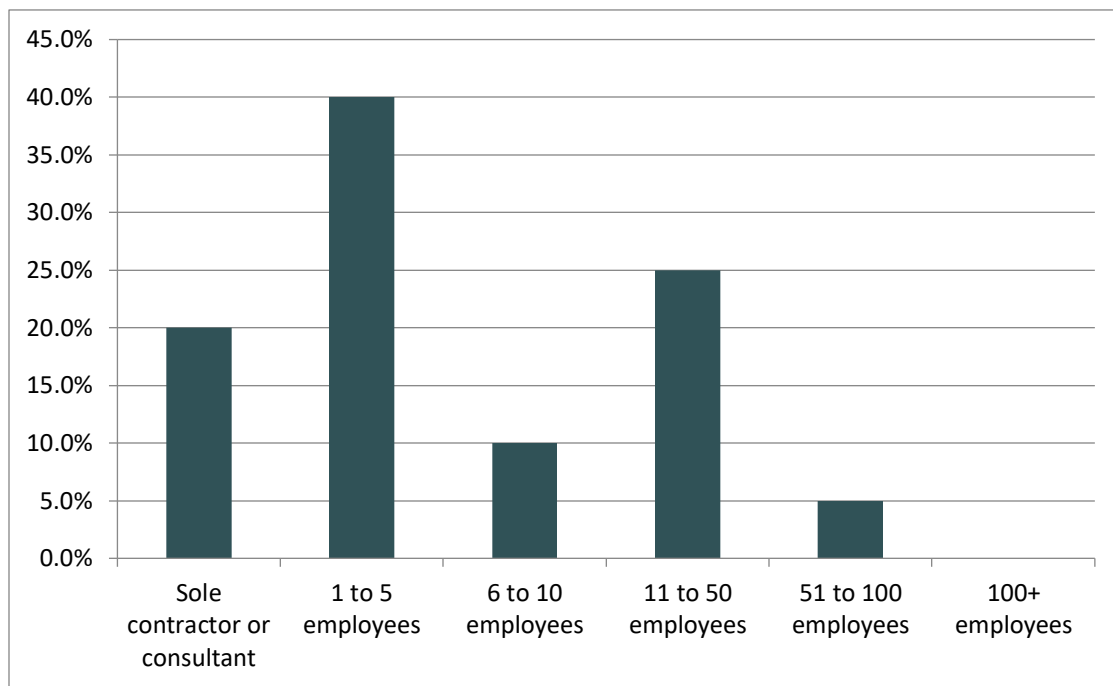


The largest number of respondents at 20% indicated they fall in the professional, scientific and technical services, and the real estate and rental and leasing categories.

The next highest number of respondents come from finance and insurance (15%).

## Question 2

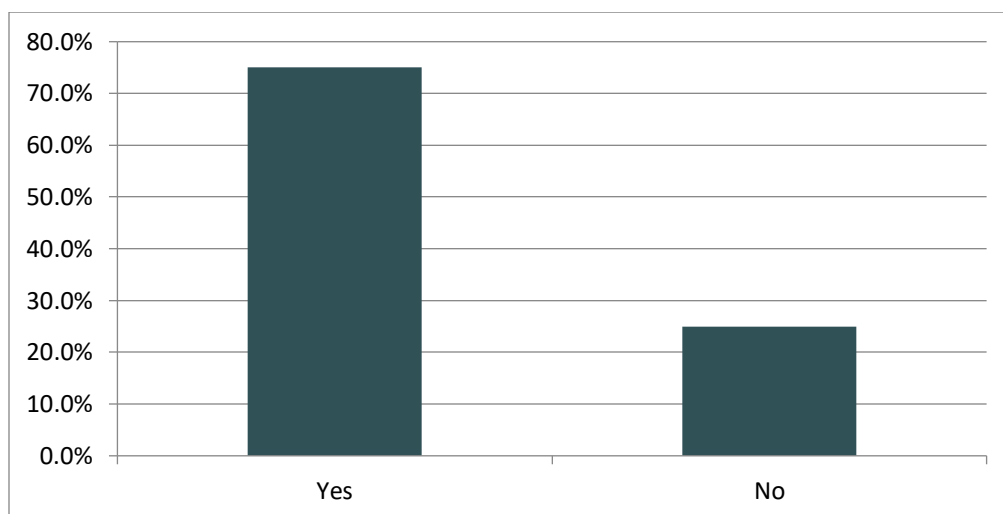
How many individuals are employed by your company?



The majority of the respondents belonged to organizations with less than 51 employees, which means they fall within the small business category. This is consistent with Surrey's business community demographics.

## Question 3

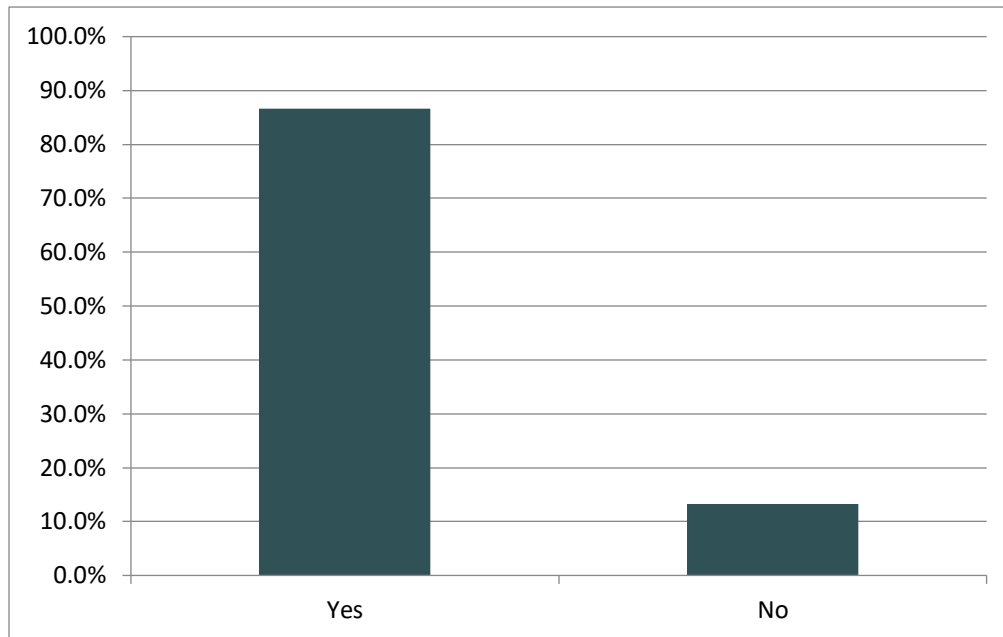
Did your business take advantage of the CEBA loan program?



We found that 75% of respondents did take advantage of the CEBA loan program when it was introduced.

#### Question 4

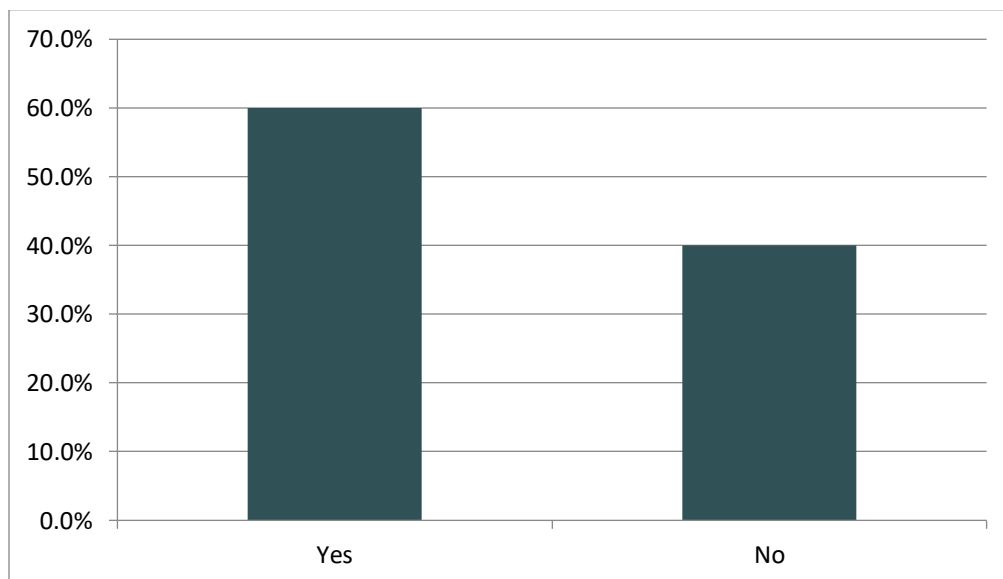
Have you started the repayment process?



Of those that did take the loan, 86.6% had already started the repayment process.

#### Question 5

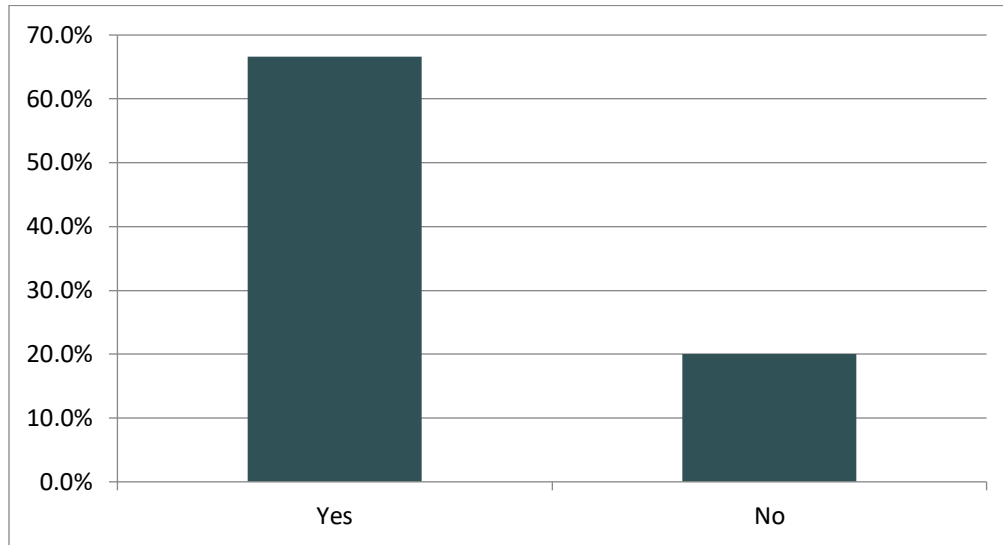
Are you experiencing challenges in repaying the CEBA loan?



We found that 60% of respondents who had a CEBA loan had experienced challenges in paying the loan back to the lender.

### Question 6

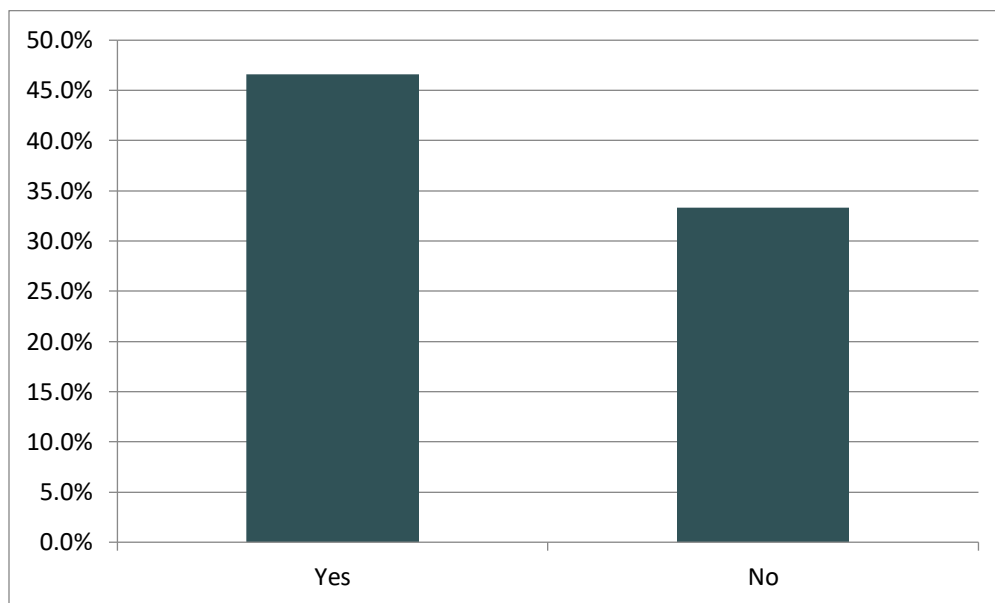
Are you required to pay back the full loan on January 18, 2024?



66.6% of our respondents who had a CEBA loan indicated that they did have to pay the full loan back by January 18.

### Question 7

Are you confident in being able to pay back the full amount?



Of those that had to repay the full amount, 46.6% of respondents felt they would be able to pay the full loan back without issue, however, 33.3% indicated they would have difficulties.

### Question 8

What impact will repayment have on your business?

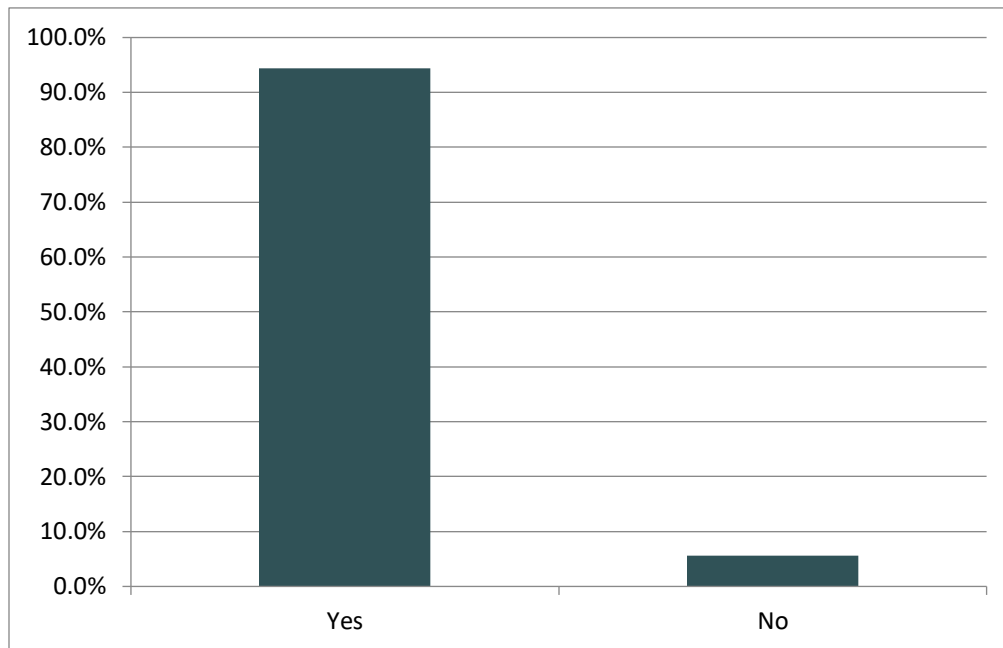


Respondents were asked how the repayment will impact their business. Overwhelmingly, the impact will be negative as many are unable to manage the payment structure while also dealing with other pressures. We found that 20% had to let employees go, 5% will have to raise prices or scale down their business, 5% of respondents closing their business down and those who selected 'other' had to do a combination of letting employees go, raising prices, scaling down, and taking out new loans to repay the CEBA loan.

## RIISING COSTS AND IMPACT TO BUSINESS RESULTS SUMMARY

### Question 9

Have you experienced an increase in costs in the past six months?



Overwhelmingly, 95% of respondents indicated that their business experienced rising costs. The following reasons were listed:

- Taxes (municipal, provincial and federal)
- Labour costs
- Utilities
- Materials/supplies
- Services
- Insurance
- Wages
- Benefits
- Additional statutory holidays
- 5 paid sick days
- Lease payments
- Bank charges

As a result of these increased costs, 78% of businesses experienced a negative impact to their profitability.

All businesses had to implement other cost-cutting measures to cope with rising costs. These included:

- A business owner taking on more responsibility
- Reduced discretionary spending
- Changing locations
- Laying off employees
- Spending less money on expanding the businesses
- Finding cheaper labour that has less experience

## CONCLUSION

Businesses in the Lower Mainland are struggling. The Canada Emergency Business Account (CEBA) loan repayment has proven to be a double-edged sword for businesses, inflicting negative impacts that ripple through various sectors of the economy. As some businesses grapple with the financial burden of repaying these emergency loans, a disconcerting trend emerges, marked by closures, stalled expansion plans, employee layoffs, and a general scaling down of operations.

The compounding issue is the concurrent rise in costs, creating a perfect storm for businesses already strained by the loan repayment obligations. Elevated costs can be attributed to a myriad of factors, including escalating taxes, fluctuating interest rates, and a multitude of other economic variables. These rising costs exert additional pressure on businesses, further limiting their financial flexibility and hindering their ability to invest in growth or sustain current operations.

As some businesses navigate the tumultuous terrain of CEBA loan repayment and increasing costs, the repercussions are felt not only in boardrooms but also in the broader community. Layoffs contribute to unemployment rates, closures erode local economies, and the overall economic slowdown perpetuates a cycle of financial uncertainty. The overarching impact underscores the need for nuanced policy responses, tailored financial support, and proactive measures to mitigate the adverse effects on businesses, safeguard employment, and stimulate economic recovery.

In essence, the CEBA loan repayment challenge, coupled with the surge in operating costs, underscores the delicate balance that businesses must strike in order to remain resilient in an evolving economic landscape. Finding equitable solutions and offering targeted support becomes imperative for fostering a business environment where enterprises can weather these challenges, ensuring not only their survival but also their ability to contribute to the broader economic vitality.

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