

Two-years of COVID-19 for Canada's Small Businesses

RESEARCH SNAPSHOT

March 18, 2022



As small businesses mark their second anniversary of COVID-19: sales remain low, debt remains high, and many are considering permanent closure

Two years into the pandemic, small businesses are a long way from recovery. While it is good news that COVID-19 restrictions are being lifted across Canada, the economic damage done by the pandemic has been massive and is leaving many in a precarious position. Until more businesses can get back to making normal sales, their capacity to face new costs, repay debt and, in many cases, simply keep their business running, remains significantly reduced.

As we enter the recovery phase, governments need to hold off on any cost increases to businesses, given the latest data shows that nationally:

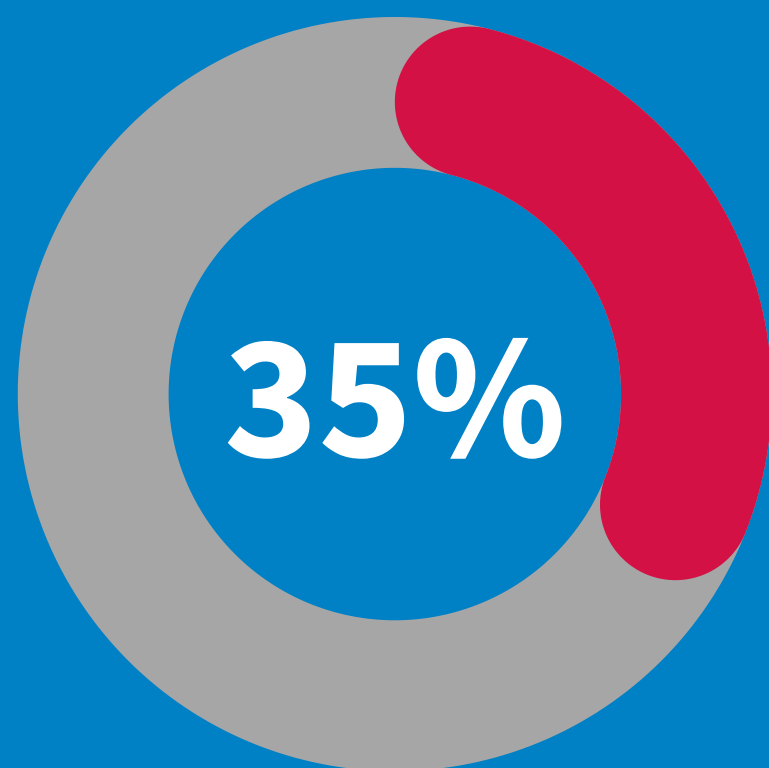
- Only 35% of businesses have returned to normal sales
- Two in three (67%) report taking on pandemic-related debt, at an average of \$158,128 per business
- One in seven (14%) are actively considering bankruptcy or permanently winding down their business

This snapshot provides an overview of 1) businesses making normal sales, 2) average pandemic-related business debt taken on, and 3) businesses considering bankruptcy or winding down, nationally, by province and by sector.



**Two years into the pandemic,
just over 1 in 3 businesses are making normal sales**

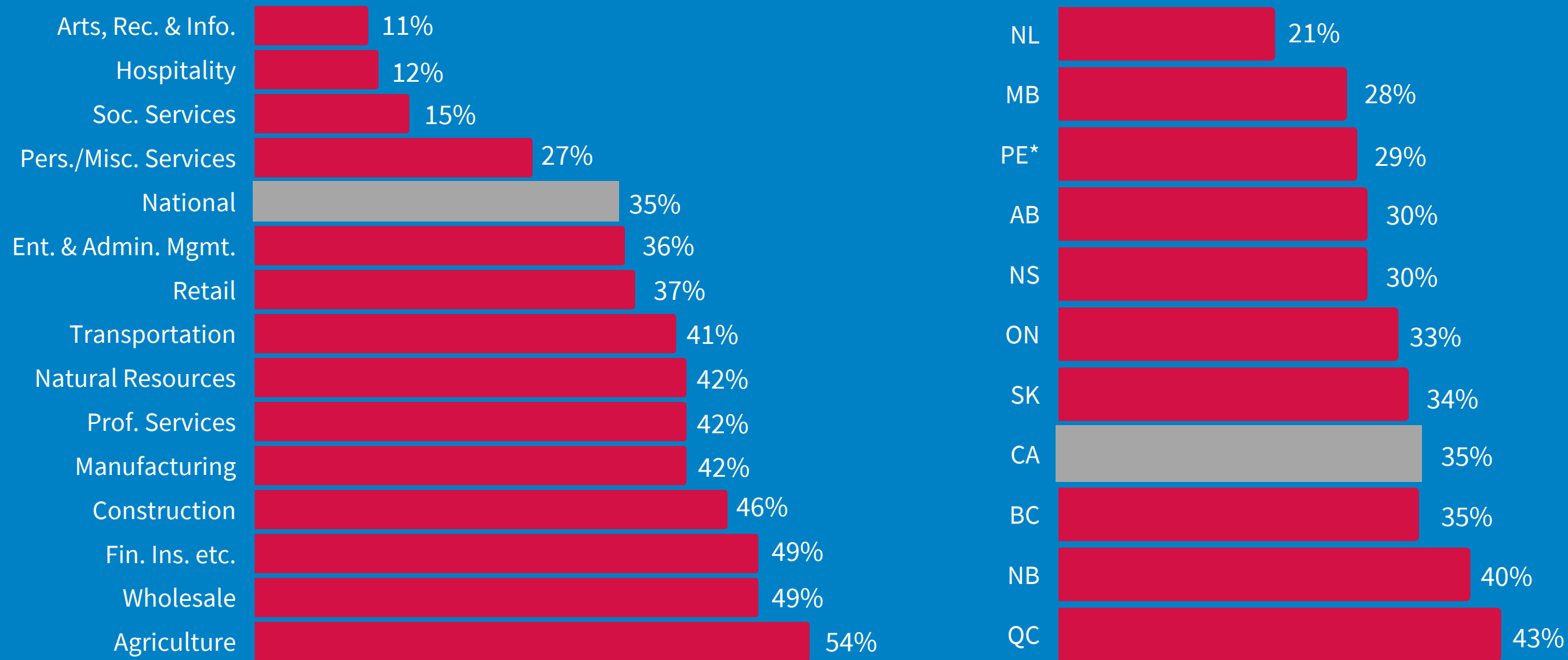
**Share of businesses
making normal sales
for this time of year**



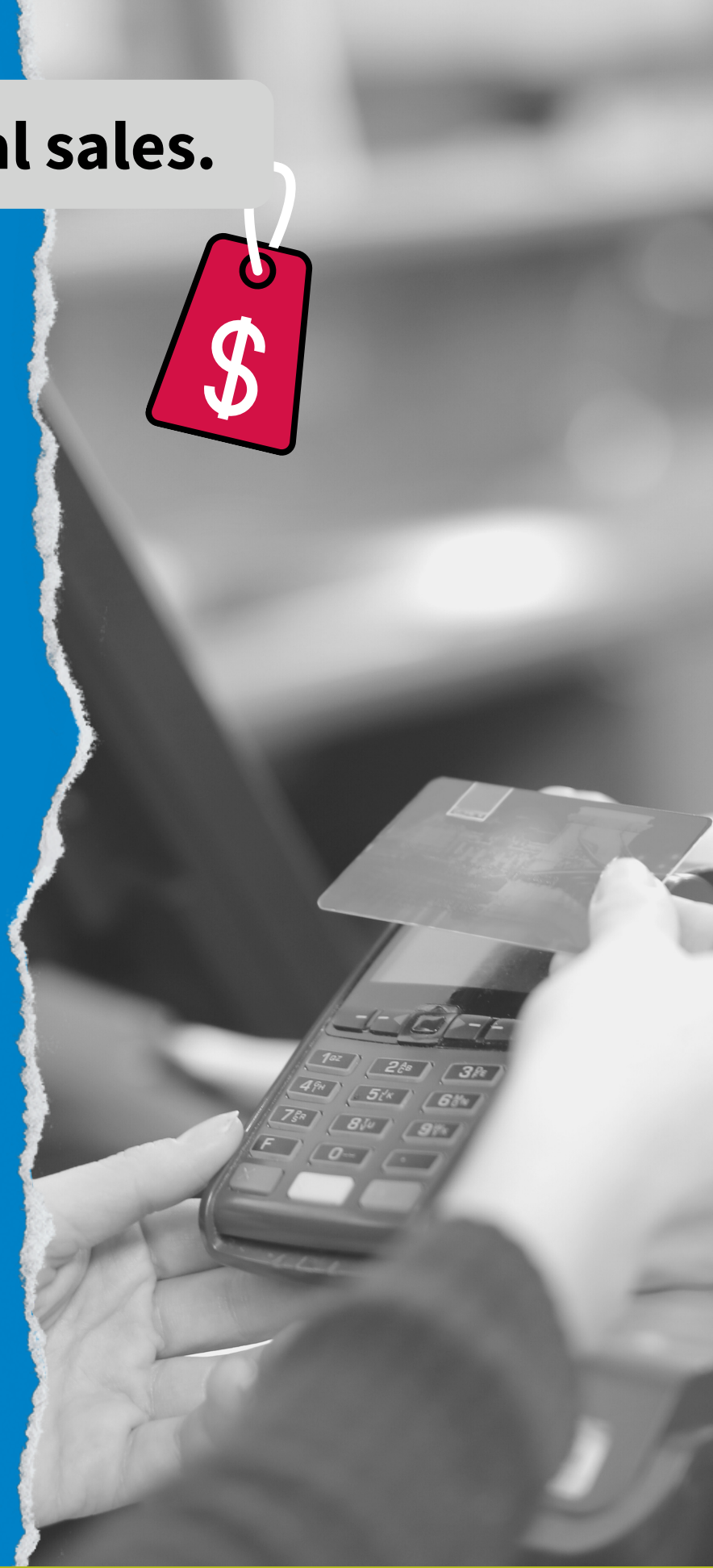


Two years into the pandemic, just over 1 in 3 businesses are making normal sales.

This varies considerably by sector and province.



Share of businesses making normal sales, by sector and province



Source: CFIB, *Your Voice* – February 2022 survey. Based on 4,001 responses from business owners across Canada.

Note*: Small sample (<40).



The amount of additional debt held by businesses due to the pandemic is significant



\$158,128

Average pandemic-related debt taken on by a small business*

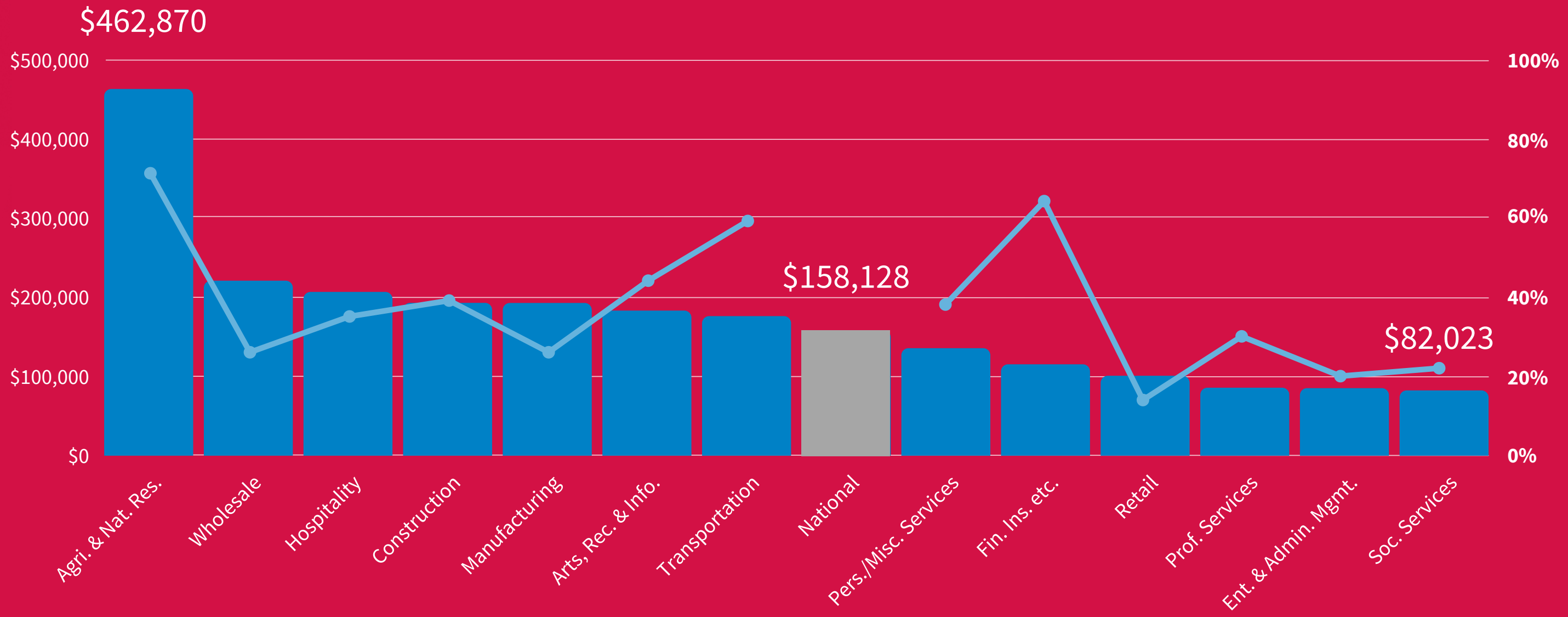


Source: CFIB, *Your Voice* – January 2022 survey. Based on 5,630 responses from business owners across Canada.

Note*: Average amount of pandemic-related debt among businesses that took on additional debt due to COVID-19 (67% of all businesses).



Average pandemic-related debt (\$) taken on by a small business* and corresponding share (%) of average annual revenue, by sector

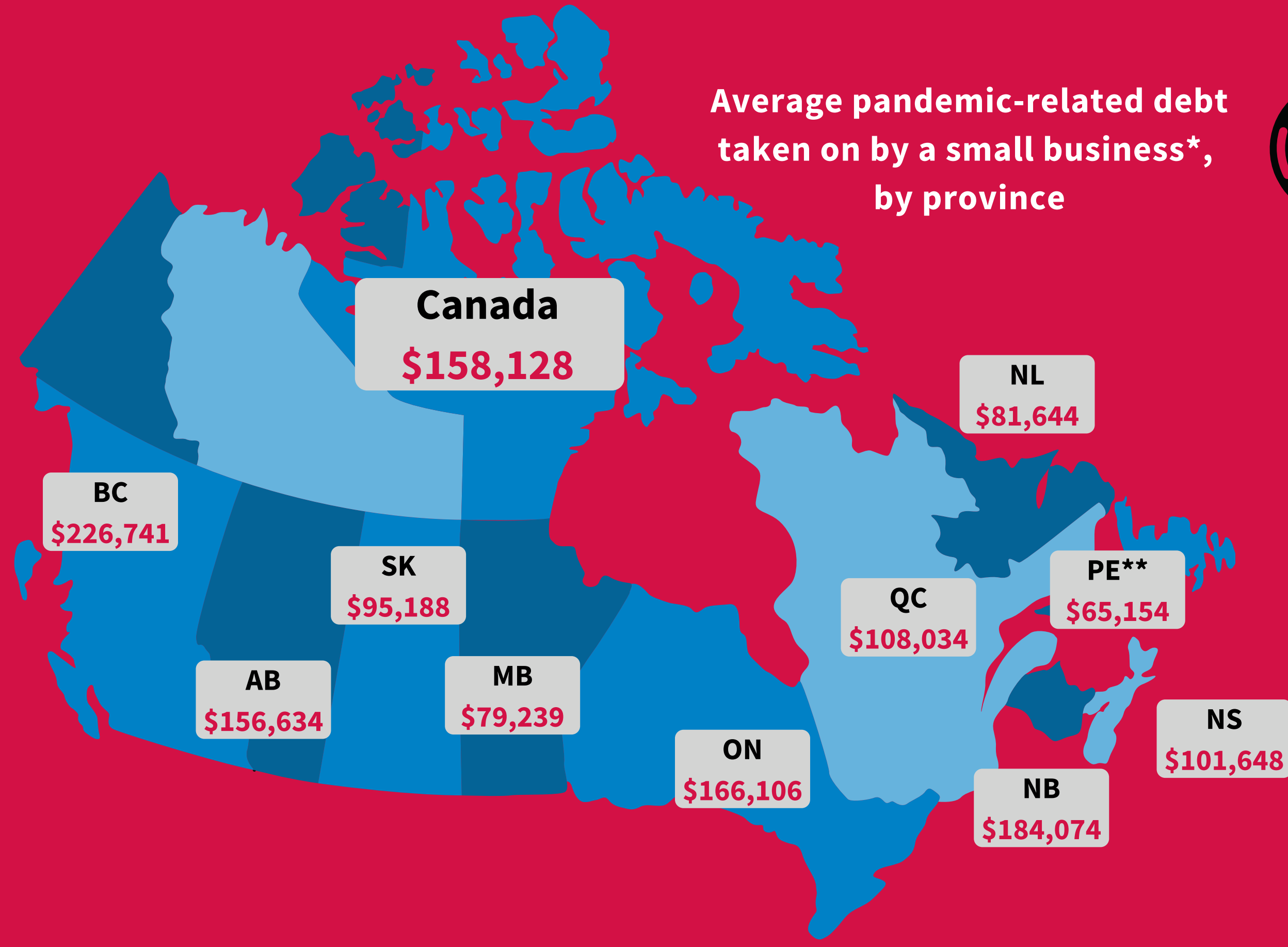


Sources: 1) CFIB, *Your Voice* – January 2022 survey. Based on 5,630 responses from business owners across Canada.

2) Statistics Canada, *Financial performance – Canadian Industry Statistics*, 2020.

Note*: Average amount of pandemic-related debt among businesses that took on additional debt due to COVID-19 (67% of all businesses).





Average pandemic-related debt taken on by a small business*, by province



Source: CFIB, Your Voice – January 2022 survey. Based on 5,630 responses from business owners across Canada.

Notes: 1) *Average amount of pandemic-related debt among businesses that took on additional debt due to COVID-19 (67% of all businesses).

2) **Small sample (<40).

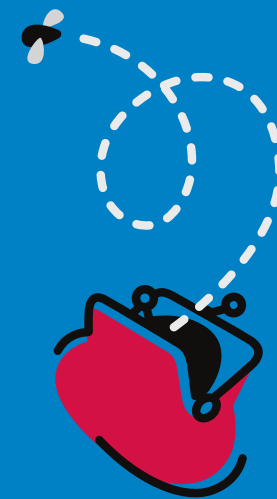


More than 1 in 7 businesses (14%) are at risk of permanently closing due to COVID-19



**Businesses actively considering
bankruptcy/winding down
due to the pandemic**

Approx. 183,000 Canadian SMEs

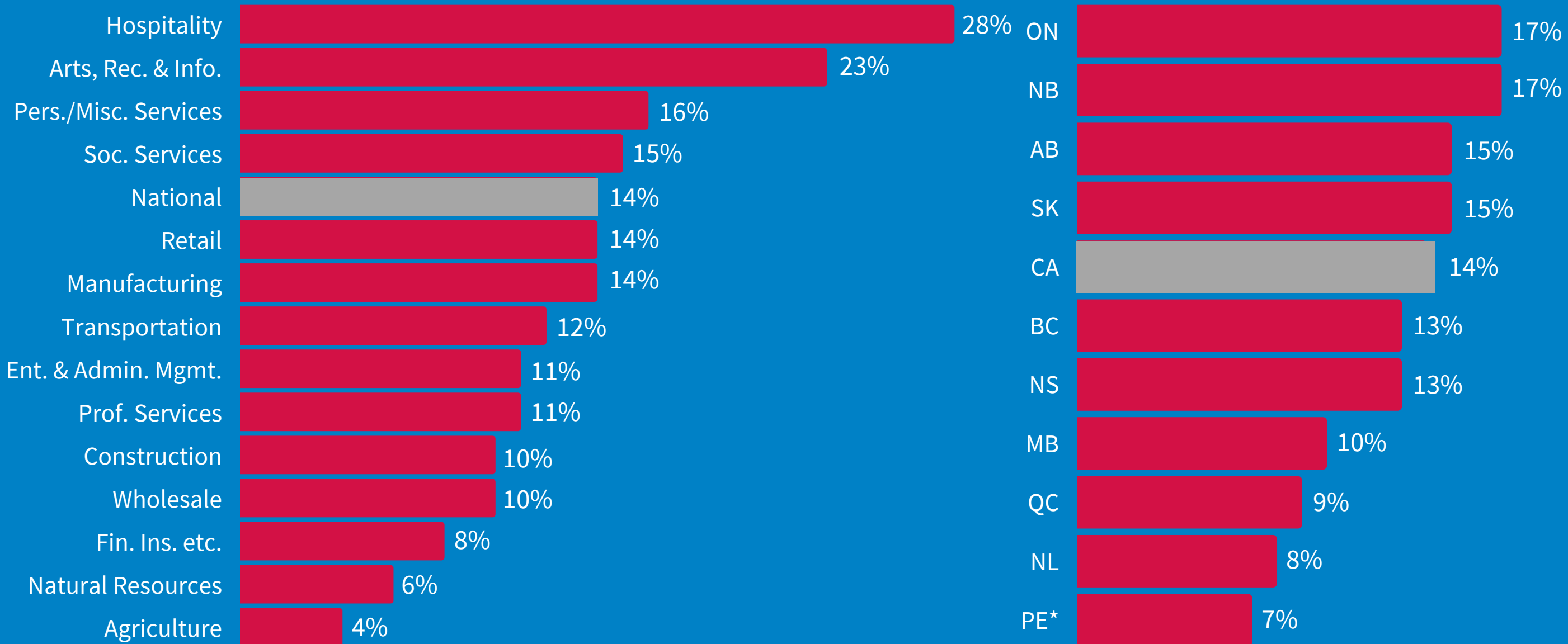




More than 1 in 7 businesses (14%) are at risk of permanently closing due to COVID-19.

The risk is even higher for Hospitality and Arts & Recreation businesses

and in some provinces.



■ Share of businesses actively considering bankruptcy/ winding down due to the pandemic, by sector and province



Source: CFIB, *Your Voice* – January 2022 survey. Based on 5,630 responses from business owners across Canada.

Note*: Small sample (<40).



To give small businesses time to recover, CFIB is urging the federal government to:

- Announce a freeze in the carbon tax and work to immediately reduce energy costs for small business owners
- Halt all current and future tax increases, including the alcohol excise tax, Canada Pension Plan and Employment Insurance premiums
- Extend the Canada Recovery Hiring Program for six months and expand eligibility to new businesses
- Accelerate plans to reduce credit card processing fees for small businesses