



Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

August 2020

Summary of Recommendations

Recommendation 1

The DSA recommends that the Government of Canada fast-track its financial commitments to making high-speed, broadband internet access available to all Canadians.

Recommendation 2

The DSA recommends that the Government of Canada include tax incentives in the Women's Program that will make corporate training opportunities more widely available to women seeking to gain executive and management experience.

Recommendation 3

The DSA recommends that the Government of Canada consult on and create an evergreen list of essential services, to ensure that businesses of all sizes are aware of their status during the next public health crisis.

Recommendation 4

The DSA recommends that the Government of Canada create a new program to help Canadians learn essential digital literacy skills, enabling them to take advantage of the digital economy.

Introduction

Despite over 3 million Canadians losing their jobs and the unemployment rate ballooning to over 13%, the direct selling industry continues to provide opportunities and support millions of Canadians as the pandemic recession progresses.

Research conducted by Abacus Data for the Direct Sellers Association of Canada (DSA) shows that 32% of Canadians have experienced a decline in their income or lost their income entirely over the early stage of the COVID-19 pandemic. Among those most impacted by the pandemic, especially those who are worried about making ends meet, interest in generating additional income is very high. Nearly two thirds of Canadians who said they were very worried about paying bills over the next few months have said they would be interested in pursuing opportunities to make additional money outside of direct employment over the next 12 months. Direct selling offers millions of Canadians these opportunities already and should be promoted as a potential solution.

The flexibility provided by our industry has always been attractive to Canadians, especially women. During the COVID-19 pandemic, the industry has seen a rise in both active independent sales consultants (ISCs), who are looking to supplement their income, and in consumers, who are increasingly buying from home and supporting their personal networks. This growth has been bolstered by the large participation in the industry that existed prior to COVID-19, trust in established direct selling companies and the increasingly online nature of the industry.

Close to 1.2 million Canadians earn income from direct selling, and over 82% of industry participants are women. Direct selling provides an opportunity for these Canadians to earn income and learn business skills, and creates an entrepreneurial opportunity for personal financial growth. Over the next year, 37% of Canadians intend to pursue opportunities to make additional money to support their income. Interest is strongest among younger age groups, which shows the opportunity to help those most affected by this recession get back on their feet.

Those who succeed in a direct selling business often cite the ability to work flexible hours and to build a work plan that suits their lifestyle. Unlike many traditional businesses, more than 90% of independent sales consultants (ISCs) choose to work part-time. This flexibility has allowed a quick response to the economic downturn caused by the pandemic and ensured continued financial opportunities for people from across the Canadian social spectrum.

For many years, the direct selling model has paid dividends to Canadian businesses and the people who benefit from our sector. Our modern companies have inherited and further developed a business environment in Canada that is the envy of the world in terms of its protection of consumers and industry participants. However, while the industry responded well to the lockdown measures introduced by provinces, the pandemic also highlighted areas of particular concern to ISCs and direct selling companies.

The recommendations that follow are opportunities for the Government of Canada to support Canadians, especially women, in their economic recovery and to aid business during future health crises.

Rapidly Funding Rural Broadband

The direct selling business model provides opportunities for entrepreneurs across Canada to create extra income for themselves and their families. It also provides a socially driven method for consumers to access quality products and services. These advantages are particularly true in rural and remote areas of the country, where access to traditional retail is often restricted.

Without universal access to high-speed communication technology, the direct selling businesses of thousands of ISCs are negatively impacted. Broadband internet allows ISCs to showcase products, via online demonstrations and virtual parties. It also allows them to instantaneously answer consumer questions, place and track orders, and provide excellent customer service. The modern direct selling industry relies on social media platforms and the internet to connect consumers with products.

The lack of reliable internet has been on full display for many communities during the COVID-19 pandemic. For example, during some of Parliament's virtual gatherings, various Members of Parliament were either unable to join or their poor internet connection created communication breakdowns. At the height of the pandemic, with the majority of businesses shutdown across the country, the need for access to reliable internet was heightened. Canadians relied on internet for groceries, retail goods and medical appointments.

The DSA appreciates the Government of Canada's commitment to providing every Canadian with minimum speeds of 50/10 Mbps. However, in order to support economic recovery measures and connect Canadians in this new age of having to access services virtually, it is important that the government rapidly deploy previously announced funds. The \$6 billion committed over ten years through the Universal Broadband Fund is a good beginning, but funds must be delivered more quickly to help all Canadians achieve full participation in digital commerce. Without such supports their opportunities will remain limited.

Recommendation 1

The DSA recommends that the Government of Canada fast-track its financial commitments to making high-speed, broadband internet access available to all Canadians.

Supporting Corporate Training Opportunities for Women Leaders

Canada's direct selling companies create opportunities for women who are entrepreneurial, and those who seek to develop sales skills. They play an important role in developing business experience, which serves women in their time with our member companies and throughout their careers. Women have been hard hit by this recession, notably through Canada reaching less labour force participation among women than at any point over the past 30 years¹. As a country, we must directly respond to this need with initiatives targeted toward women.

The opportunity to reach up to one million Canadian women with training and education, and to help them create economic opportunities, should not be overlooked. The government can play a valuable role in growing the number of women in executive and leadership roles by offering support to

¹ <https://www.theglobeandmail.com/business/economy/jobs/article-womens-participation-in-labour-force-reaches-lowest-level-in-three/>

companies to develop and deliver appropriate training programs. Such programs could benefit women in our sector, and far beyond.

The government should incentivize businesses who offer unique programming that supports women's professional growth. While many of our member companies currently offer these programs to their top performers, more women could benefit from the skills and qualifications they teach. By making it less expensive to offer training courses or programs, the government can directly create advancement opportunities for women currently working as independent sales consultants. Improving skills will also help to grow incomes and, by extension, economic activity.

We propose that the government provides a tax incentive for businesses who offer courses including, but not limited to, pre-executive training, sales training, account management and administration. The tax incentive would be equal to 30% of the cost of the businesses overall training and development budget for the year. Such an investment would acknowledge the importance of programming specifically geared towards women's economic empowerment, career advancement and personal growth. It would also make it easier for businesses to make these opportunities available to more women across the country.

The Women's Program already provides funding for eligible organizations to improve women's economic security and prosperity. By including this tax incentive in that program, it will better be able to realize these objectives.

Recommendation 2

The DSA recommends that the Government of Canada include tax incentives in the Women's Program that will make corporate training opportunities more widely available to women seeking to gain executive and management experience.

Providing Future Federal Guidance

During the pandemic, the majority of provinces created and released lists of essential businesses that could remain open despite the lockdown. This included businesses such as banking services, grocers and pharmacies. Most retail stores were not included on the lists and therefore the majority of Canadians began to rely on online retail for a variety of goods.

Unfortunately, while some provinces made it clear that online retail continued to be an essential service, some lacked that clarity for businesses. Therefore, it became the role of numerous retail associations to connect with government officials to gain further information that could be relayed to their members. However, some provincial lists clearly stated that online retail would continue to be allowed, but did not account for the infrastructure needed for online retail, such as warehousing and distribution. This caused some companies in our sector to shut down their operations in the short-term while the Association gained clarity, or in the long-term because the lists did not encompass all that is required.

Following the release of essential services lists by provinces, Public Safety Canada released their Guidance on Essential Services and Functions in Canada During the COVID-19 Pandemic. Unfortunately, this guidance was not followed by all provinces and online retail continued to be hampered due to restrictions on the physical infrastructure needed to complete orders. As we begin to recover from the COVID-19 pandemic, we must learn from areas that could be improved upon for the next public health

crisis. The Government of Canada should look to take a leadership role in providing clarity to businesses, especially those in online retail that require warehouses or distribution centres to complete orders.

Recommendation 3

The DSA recommends that the Government of Canada consult and create an evergreen list of essential services, to ensure that businesses of all sizes are aware of their status during the next public health crisis.

Improving Canadians' Digital Literacy Skills

The direct selling industry comprises a wide variety of people from different backgrounds and age groups. From recent graduates to Canadians who have been involved in the industry for decades, ISCs are diverse across the country. However, due to the industry's transition toward online sales, some ISCs are being left behind due to their lack of digital literacy.

In order to be a successful ISC today, one must possess a basic knowledge of social media channels and online networking, marketing and sales tools. While younger generations are typically more familiar in using social media to connect with people and make sales, older generations often do not possess these skills.

The pandemic has been a catalyst for a virtual, commercial revolution. It is essential that the government support all Canadians in taking advantage of opportunities that exist to earn money through the internet.

While existing programs like the Digital Literacy Exchange Program support organizations in helping Canadians learn these skills, it is not adequately targeted, especially in rural Canada. The government should explore new methods, based on best practices, to reach Canadians directly and with relevant programs to help them obtain digital literacy.

Recommendation 4

The DSA recommends that the Government of Canada create a new program to help Canadians learn essential digital literacy skills, enabling them to take advantage of the digital economy.

About DSA

Since 1954, the Direct Sellers Association of Canada has established and upheld rigorous standards, ethics and good business practices, as the recognized voice of our industry. We are a family of competitors, using our combined strength to ensure fairness in regulations and to gain credibility and respect with Canadians. As an industry that connects 1.2 million Canadians to entrepreneurial opportunity and enrichment, we provide assurance of member company integrity and a foundation of trust for independent sales consultants (ISCs) and consumers.