



Written Submission for the 2021 Federal Budget Consultation

# **CANADIAN SOCIETY OF ASSOCIATION EXECUTIVES**

**August 7, 2020**

## **RECOMMENDATION**

The Canadian Society of Association Executives recommends that the federal government establish a not-for-profit stability fund that invests in associations that support communities, grow industries, and advance professions in Canada.

## **ASSOCIATIONS IN CANADA**

Associations, whether they are charities or not-for-profits, will play a major role in helping Canada recover from the COVID-19 pandemic.

The Canadian Society of Association Executives (CSAE) represents leaders from associations large and small, national and regional, from across Canada. These leaders support activities of not-for-profits and charities that benefit communities, support professions, enhance industrial output, and make Canada a better place to live.

Associations are a pillar of civil society. Since the start of lockdown measures, associations have supported professions, business groups, community groups, and vulnerable Canadians access important information and respond to changing circumstances. They have advocated for improvements to critical government programs and shared information to ensure as high a degree of continuity as possible in society and in the economy. These contributions are not new to associations. They make them constantly during normal circumstances by advancing industry best-practices, facilitating networking events, and providing policy input to governments.

Associations also fill gaps where it would be difficult for governments to act. Examples include charitable works, like national programs to raise medical research funding, add new housing in communities, or offer meals to those in need. They also provide important professional training opportunities for professions as diverse as child care and skilled trades. These activities all contribute to Canada's economic growth and strengthen social bonds between us.

National and international collaboration can be driven by associations. Strong networks of associations can help to attract international investments and bring major events to Canada's shores.

Before the pandemic hit, associations' activities contributed over \$27 billion in GDP annually to Canada. We need a solution that will help associations continue to serve their members, while helping businesses grow and bringing economic development opportunities to cities and towns across the country.

## **PANDEMIC IMPACTS ON OUR SECTOR**

The COVID-19 pandemic has caused significant hardship for associations in Canada. Many sectors saw extraordinary declines in employment and revenues for businesses, and the not-for-profit sector was not immune. According to an industry study, 73% of associations expect that they will see lower than budgeted revenues in this fiscal year.

One factor that differentiates associations and charities from businesses is the cyclical nature of their revenues. Routinely, associations generate revenue when memberships are renewed for the year, or when large conferences or events take place, causing many periods where no revenues are generated. For their part, charities tend to generate significant revenues from campaigns or annual fundraisers, and even from government grants that cause an uneven distribution of revenue. It is straightforward to calculate losses based on cancelled conferences or delayed fundraisers, but estimating what losses may lie ahead is challenging. Knowing whether or not members may renew memberships or if future training activities and events will have to be cancelled continues to drive uncertainty.

When asked in July 2020 about their current revenue challenges, nearly half (49%) of associations expected to see revenue decreases in excess of \$100,000, while nearly one fifth (19%) of associations expected declines to exceed \$500,000. For a sense of how hard those losses hit the associations, this equates to 22% of associations losing more than 40% of their annual revenue.

By generalizing the results of our survey across all professional and business associations, we estimate the total annual revenue loss of Canada's association sector to be \$1.6 billion.

## **CONTRIBUTING TO ECONOMIC RECOVERY**

When asked about sources of revenue loss, 68% percent of association executives reported that event cancellations either already have, or will contribute, to revenue losses. When associations cancel events, there are significant ripple effects through the economy.

A typical national association conference creates economic activity for hotels, conferences centres, transportation companies, caterers, A/V companies, facilitators, professional speakers, local restaurants, and attractions. Smaller regional activities like fundraisers, sports events, and family days make important contributions as well. All of these contributions are direct, and should be considered as a valuable contribution to Canada's recovery once it is safe to host events again.

Indirect contributions of association events are potentially even greater. Opportunities to encounter new technologies in their respective industries, learn new skills, and network with other partners in their industry and profession are critical to personal, professional, and business growth in Canada. All Canadians benefit from the competitive edge these activities give our businesses and workers, and the value of these activities should not be underestimated.

Another significant role that not-for-profits play in Canada is the delivery of formal professional development, training, and accreditation. Unions, professional associations, regulatory colleges, and institutes all provide extensive education and training that is not taught in classrooms from K-12 or in traditional post-secondary programs. The specialized knowledge and skills they develop is based on expertise from within their industries and occupations. They can transfer knowledge quickly and directly to workers in their sectors and to the public more broadly. While it is difficult to calculate this specific contribution, these activities will be absolutely critical to Canada's economic recovery.

## **CONTRIBUTIONS TO SOCIETY**

Associations embody social action. Freedom of association is enshrined in Canada's Charter of Rights because it is important to a thriving democracy and a healthy society. Whether they are part of a tight knit neighbourhood organization, a national union, a chamber of commerce, or an organized health profession, associations reflect the will of their memberships.

Associations contribute significant energy and expertise in public policy decisions. They conduct research, survey members, engage with governments, and share insights to ensure policy choices reflect real world experiences. They also provide a platform to share information directly with people living and working in all manner of roles and settings, which has been an absolutely crucial function during the COVID-19 pandemic. That responsibility carries on in more normal times and benefits everyone.

Beyond their intellectual contributions, associations also support communities directly. Many operate foundations that manage scholarships and bursaries. Some invest in research for illnesses that will some day be cured because of their fundraising efforts. Others administer grants that help newcomers to Canada get back on their feet.

CSAE is Canada's only national, member-based association supporting excellence in the association sector. Given CSAE's unique position within the sector and broad understanding of its unique needs and priorities, CSAE is keen to partner with the government in the development and delivery of this recommendation.

Canada is not at risk of losing the not-for-profit sector, but we are at risk of it being significantly diminished for years to come.

We therefore recommend that:

**the federal government establish a not-for-profit stability fund that invests in associations that support communities, grow industries, and advance professions in Canada.**