
News Release – July 14, 2006

Canada's Non-profits Pack Economic Punch – But Lack Support

Ottawa – Last month, Prime Minister Stephen Harper praised voluntary, neighbourhood-based groups as the very core of healthy cities. Speaking to the World Urban Forum in Vancouver he cited services such as "...fundraising for recreational projects, producing community newsletters and even fighting City Hall" as examples of some of the "...building blocks that give rise to the goals and successes of our provinces, our territories and, ultimately our country."

As the prime minister stated, Canada's small- and medium-sized community organizations (SMOs) are key determinants of the strength of our communities and the quality of our lives. Despite this, we know less about them and provide much less public support for them than for their private sector kin, the SMEs (small- and medium-sized enterprises).

A path-breaking publication from Imagine Canada and CPRN argues this should change.

Building Blocks for Strong Communities, a multi-volume study, compares the characteristics, economic and social contributions, and public policy supports for SMEs and SMOs in Canada and in international context. It finds significant gaps in our knowledge of community organizations and advocates better supports for them.

Economically speaking, SMEs generate 43% of Canada's private sector GDP and 62% of private sector jobs. But, SMOs are also economically significant. The SMO sector employs more than a million Canadians and handles some \$77 billion in revenues every year – about 70% of those for the non-profit sector as a whole.

"Clearly, SMEs and SMOs dominate the business and community sectors in Canada," says CPRN President, Sharon Manson Singer. "Their enormous contribution to the economy and society merits recognition, study, appropriate policies and strategic support."

Since the 1980's, Canada and other countries have put in place a significant array of policies and supports for SMEs, in light of their contribution to the economy and job creation, and the need to compensate for market imperfections that disadvantage them.

The current study makes the case for similar support for SMOs based on:

- Their economic impact – they create employment and deliver programs and services that contribute to community economic growth and development and tax revenues.

- The services they provide – from child and elder care to sports programs and theatre, employment counselling and the environment – that enhance the quality of life and well-being in their communities.
- Their encouragement of citizen participation, engagement and healthy democracy.
- Their growing role in delivering public services on behalf of governments and their local knowledge and unique capacity to be place-sensitive in this respect.
- Their capacity for social innovation, finding creative ways to address social and economic problems faced by communities and individuals.

“Governments are only now coming to recognize the crucial role SMOs play in our economy and society, says Imagine Canada President, Georgina Steinsky-Schwartz. “Not surprisingly, policies and support for SMOs are not well-developed, nor strategic enough.”

The study identifies a number of areas where public supports for SMOs might be improved:

- Better data, knowledge and understanding of SMOs
- Provision of tools, advisory and support services, akin to those available to SMEs
- Facilitating and leveraging access to commercial financing and encouraging private investment
- Improving public funding supports to provide long-term stability and cover the true operating costs for the delivery of public services
- Supporting innovation and technology
- Supporting networking and partnerships
- Addressing regulatory and other concerns

“The conversation with government is well underway,” says Steinsky-Schwartz. “We believe this study and its recommendations provide a firmer basis for policies that foster a vibrant community sector, so critical to Canada’s future and the future of our communities.”

SMEs and SMOs are organizations with fewer than 500 paid staff. There are more than 1.5 million SMEs in Canada, of which 98% have fewer than 100 employees. There are 160,000 registered charitable and non-profit organizations in Canada and 98% of these have fewer than 100 employees, while 54% rely entirely on volunteers. The data on both SMEs and SMOs significantly underestimate their actual numbers.

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CPRN’s mission is to create knowledge and lead public debate on social and economic issues important to the well-being of Canadians.

Imagine Canada is a national charitable organization that delivers research-based products and services to support and strengthen Canada’s 161,000 charities and nonprofit organizations.

For more information contact:

Jennifer Fry, Director Public Affairs, CPRN.

Tel: (613) 567-7500 ext. 2019 • E-mail: jfry@cprn.org

Lisa Hartford, Manager Media Relations and Communications, Imagine Canada

Tel: 1-800-263-1178 ext. 225 • E-mail: lhartford@imaginecanada.ca