

Sport and Recreation Organizations in Canada

Learning objectives



- Explain the differences between the three types of organizations; public, private and non-profit organizations
- How are they managed differently?

Sport and Recreation Organizations in Canada

- Organizations differ in terms of their
 - Size (budget, # of members, staff)
 - Philosophy
 - Profit motivation; vs. charitable
 - Funding sources (fees, revenues, govt)
 - Clientele / market
 - Governance, jurisdiction and accountability

Sport and Recreation Organizations in Canada

- Three general types:
 1. Public / Government
 2. Commercial / Private
 3. Non-profit / Voluntary

Three Key Terms to understanding the differences between these three types, and to use in describing an organization

- Governance – decision-making control
- Jurisdiction – official power/control exercised within a particular sphere of activity (ex. Education)
- Accountability – obligation to give an explanation for actions

•Public (Government) Sector

- Three levels of government are involved in providing sport and recreation services:
 - Federal,
 - Provincial,
 - Municipal
- All have different jurisdictions
- Government is often referred to in the literature as the “state”

•Public (government) sector (cont)

- Governance – decision-making control by elected officials that are given the power by the people through elections
- Jurisdiction – varies by level of government
 - Federal – taxation, funding, health, foreign policy
 - Provincial – education (schools!!)
 - Municipal – facilities, utilities
- Accountability – to the public/electorate

•Commercial / Private Sector

- Governance – decisions made by owners
 - could be individual, partnership, shareholders
- Jurisdiction – chosen by owners (product or market)
- Accountability – normally financial and to the owners or shareholders

•Commercial / Private Sector

- “the provision of recreation-related products and services by private enterprise for a fee, with the long-term intent of being profitable”

(Crossley and Jamieson, 1997)

- Business background
- Expect financial returns
 - Return on Investment (ROI)
- Tap consumer spending – market driven
- Limited membership (ex. Golf)

Voluntary nonprofits in sport and recreation

- Sport and recreation are delivered primarily through voluntary non-profit organizations and hence the need for you to understand everything about working with them or working for them

Non-Profit Organizations

- In Alberta, provincial NPO would normally be incorporated under the Societies Act
- The Societies Act is under the jurisdiction of the Province of Alberta
- Society is not required to incorporate, but there are important advantages
- <http://servicealberta.gov.ab.ca/716.cfm>

Societies Act advantages

- Member may not be held responsible for the debts of the society!!
- An Incorporated Society:
 - may own property
 - may enter into contracts, instead of individual members of the Society entering contracts
 - Eligible for government grants!!!
 - May become registered charity

Charitable Status

- The designation of any organization as having Charitable Status is a FEDERAL Government role
- Do not get confused with the provincial Charitable Gaming designation .. This is an Alberta label only!!

•Not for Profit / Voluntary

- Governance – decisions made by an elected and volunteer Board of Directors
- Jurisdiction – as stated in application for incorporation in the Societies Act
 - Example: PSRO has jurisdiction over their provincial programs in their sport or activity
- Accountability – to membership, and indirectly to funding agencies

•Not for Profit / Voluntary

- Provide some type of public service
- Primary definition is a “non-distribution constraint” – cannot distribute any profits or surpluses to members
- Alternative to state (government) or market driven (commercial) agencies

**•Not for Profit / Voluntary
(advantages)**

- Lack of primary profit motive
 - Does NOT mean they don't generate REVENUE
- Attract voluntary contributions of time and money

•Not for Profit / Voluntary

- Exempt from income and other taxes
- Some are registered charities – this is a major advantage – registration is handled by the Federal Government - can provide income tax receipts so donors get tax credits

•Need for Volunteerism

- Volunteer Boards are a legal requirement for a non-profit organization
 - Alberta's nonprofit sport and recreation organizations are registered under the Societies Act which is Provincial jurisdiction
- Volunteerism reduces expenses to operate

Non-profit environment is massive

12 Major Activity Groups

- Culture and Recreation
- Education and Research
- Health
- Social Services
- Environment
- Development and Housing
- Law, Advocacy and Politics
- Philanthropic
- International
- Religion
- Business and Professional Associations
- Other

• ***It is important to recognize the competition between the groups, and within the groups for volunteers, money and participants***

Revenues for Nonprofits

- On average in Canada – 60% of revenue comes from government
 - 26% from earned income
 - 14% private giving
- Recreation – 27% government, 58% earned income, 15% private giving

Relationship to Public/Govt sector

- To government, nonprofit organizations are an alternative provider upon which the government relies to provide services to the people
- BUT, government has some control through funding – ASRPWF provides the annual operating grant to PSROs

Block or Envelope Funding

- Block funding – money is provided in lump sum with few conditions attached
- Envelope funding – money is provided for specific purposes and is not flexible

Relationship of NPO to Corporate sector

- To corporate – are primarily competitors
 - Private vs non-profit clubs (racquets, fitness)
 - Pro shops
 - University sport camps
- Nonprofits enter the marketplace to raise revenues to provide programs and services to their members

Issues for Nonprofits

- Government has varied its funding and often does not give long term guarantees of funding
- Nonprofits must compensate and find revenues elsewhere
- WHERE??
- Increase existing fees or levy new fees
- Private donations
- Commercial ventures
- Sponsorship

Implications

- Competition **between** nonprofits
 - Need for strategy
- Increased fundraising costs
- Reduction in credibility (Coke in fitness centre) if sponsorship is a solution
 - Sponsors require ROI
- More entrepreneurial leadership and less administrative
