# The Spring Economic Update:
# Where Does the Nonprofit Sector Fit in Canada's Future?

**Mary Barroll:** Hi, I'm Mary Barroll.  In this episode of CharityVillage Connects, we dig into the federal government's Spring Economic Update and what it could mean for Canada's nonprofit sector. With insights from four leading experts in the field, we unpack the update's key takeaways and what they may signal for charities and nonprofits across the country.

But first, here's a word from our partner.

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**SFX: Office sounds**

**Mary:** Welcome to CharityVillageConnects. I'm your host Mary Barroll.

**SFX: Hummingbird flying and tone**

That's the sound of a Hummingbird pollinating our world and making it a better place. The Hummingbird is CharityVillage's logo because we strive – like the industrious Hummingbird – to make connections across the nonprofit sector and help make positive change.

We'll offer insight that will help you make sense of your life as a nonprofit professional, make connections to help navigate challenges and support your organization to deliver on its mission.

**SFX: Speaker of House opening Parliament, hitting gavel.**

**Mary Barroll:** Every federal budget and economic update sends signals about what government values, where it intends to invest, and what priorities will shape the future. In this episode of *CharityVillage Connects*, we examine what Canada's 2026 Spring

Economic Update is signaling to the nonprofit and charitable sector. Where does the care economy fit within the government's economic vision? What opportunities—and challenges—should nonprofit leaders be preparing for? And how can the sector help shape the policies that will influence funding, regulation and community wellbeing in the months and years ahead?

**SFX: News buzz**

**News clip**
https://www.youtube.com/watch?v=OXdOA-v2umo
*Spring economic update 2026: François-Philippe Champagne holds news conference – April 28, 2026*

"What we're presenting is a bridge uh towards the direction that has been set in budget 2025, its long-term vision for Canada and the practical steps we need to take right now uh to keep that momentum going and support Canadians, at a time of need, with tangible affordability measures. We know that affordability is top of mind for Canadians and we are happy uh to do our part**."**

**Mary Barroll:** Ottawa released its Spring Economic Update in late April, and for the first time, the federal government explicitly named the charitable and nonprofit sector as a vital driver of the Canadian economy. The announcement was met with a mixture of pleasant surprise along with concerns and questions from nonprofit leaders. While some sector organizations welcome the federal government's acknowledgement of the sector's contributions, and its commitment to modernizing Canada's charitable framework, others caution that the Spring Economic update stops short of delivering immediate solutions for nonprofits facing rising demand, declining donations, workforce shortages, and growing financial strain. Exploring the intersection between federal economic policy and the essential care economy, we're asking where the nonprofit sector fits into the federal government's economic strategy?

**Nicole D'Aoust:** The piece that talks about the modernization of the charity rules in Canada, it's only two paragraphs. Like it's a very, very short statement, but it had a huge impact and it came as quite a surprise.

**Tyler Meredith:** This is a more focused document than has typically been the case. It has a limited number of measures, focused, I would say, for the most part about how to implement the government's overall economic agenda.

**Armine Yalnizyan:** I think the number one standout was how absent they were. We are in a crisis of care. And there's not a whisper of concern about it. Other than, let's modernize the tax system for charitable organizations.

**Dr. Susan Phillips:** One starts simply with an understanding and thinking of the relationship between government and the sector as a social contract.

**SFX: News buzz**

**News clip:**
https://globalnews.ca/video/11822077/whats-the-finance-ministers-top-priority-as-canada-unveils-a-new-fiscal-plan?utm_source=chatgpt.com

*What's the finance minister's top priority as Canada unveils a new fiscal plan? - April 29, 2026*

"The first thing that matters is affordability. You know, making sure that life is affordable for Canadians. We have seen the suspension of federal gas tax, you see it at the pump. The boost, with respect to the groceries, coming on 5th of June. This is probably the most uncertain time we have seen in generations and therefore, in that, you focus on what you can control."

**Mary Barroll:** Tucked within the federal government's Spring Economic update was a tiny section that caught the attention of the charitable community and created some hopeful buzz about the government being more open to working directly with the nonprofit sector. It's found in Chapter 2, entitled *Benefitting Canadians: A Canada for All* and states, "*The Government of Canada's tax incentives for charitable giving aim to mobilise private capital for public needs, creating an attractive environment for donors while supporting affordability, social security and our communities across the country. The government recognizes that the charitable sector and non-governmental organizations are an important driver for the Canadian economy, create well-paying jobs and supplement the social safety net*." It then continues: "*With advances in technology and digitisation, the government will undertake an exercise to modernize the framework for the charitable sector in 2026-27. As a first step, the government will undertake a consultation with key stakeholders and relevant agencies for them to provide feedback and align with best practices adopted by other G7 countries*."

**Nicole D'Aoust:** The piece that talks about the modernization of the charity rules in Canada, it's only two paragraphs. Like it's a very, very short statement, but it had a huge impact and it came as quite a surprise. And I think it generated a lot of buzz and excitement around, what is the government thinking for charities? We've been actively working with finance and CRA over the last few years to help them understand the challenges that we're facing in the sector.

**Mary Barroll:** That's Nicole D'Aoust, a partner in the national law firm of McCarthy Tétrault, specializing in the Charities and Non-Profits practice. She was appointed to the federal government's Technical Issues Working Group, representing Imagine Canada that advised the CRA on regulatory issues affecting registered charities and qualified donees. Here's what she thinks charities should understand about the government's Spring Economic Update and its potential implications for the sector.

**Nicole D'Aoust:** The part that created a lot of hope and promise for us in the sector is the first paragraph, there's a real recognition of the impact that charities have on the economy in Canada, creating jobs, supplementing the social safety net, being an important driver for the Canadian economy, recognizing the contribution of charities. That's amazing. That's so promising, so hopeful. A lot of people were very encouraged by that statement. And then, the second piece of the publication talks about the government wanting to undertake a modernization project, that there would be a consultation.

We have yet to see what the government's thinking, in terms of the direction that they want to go in. One of the things that they're gonna be working on, as part of the modernization project, is electronic filing of T3010 registered charity information returns. We've known that that's been something that CRA really wants to focus on, for the last few years. They've asked us to partner with them, actively by working with our clients, and talking to charities in Canada about getting a My Business account filing online. So, that's a little snippet. We know there's gonna be a technology modernization piece. A lot of charities are using it as an opportunity to take stock and say, okay, we could actually have an impact in shaping the direction of this consultation. If the government is looking to modernize and have a consultation, take stock of where we are, in the sector, we can bring our expertise to bear by helping them understand where are the gaps, where do we need support from you, where could we improve. And I think, charities right now are uniquely positioned, over the summer and into the fall, to make proactive submissions to the government about what this modernization project should be about.

**SFX: News buzz**

**Media clip**
https://www.youtube.com/watch?v=3-xD_ilmGvY
*Is Canada's charity sector at a breaking point? | 2026 pre-budget Hearing, Canada info*

**Bruce MacDonald:** "What we often witness during times of economic stress is kind of an inverse relationship between the economy and our sector. Often, when the economy is facing challenges, for charities and nonprofits, supply—as defined by money—goes down. As Canadian families are under more stress, they don't have as much to give. And at the same time, on the other side of the equation, demand for services rises. And so, for many organizations, both the demand for services and the cost to deliver those services grows at a time when the supply of revenues goes down.
That's what they're facing every day as they're trying to fulfill the missions. It's this bad math equation, and we've got to try and address both sides of it."

**Mary Barroll:** That's Bruce MacDonald, President and CEO of Imagine Canada, speaking at a recent conference. How exactly *is* the federal government going to correct the math and re-imagine and restructure its relationship with the nonprofit sector? Could this relationship evolve to make the nonprofit sector's role as more than a service provider? Could the nonprofit sector, instead, become a vital, economic partner?

Tyler Meredith is a former senior economic policy advisor to Canada's governing party and founding partner at Meredith, Boessenkool and Phillips Policy Advisors. In his policy work within government, he helped shape Canada's COVID-19 economic response and led major federal policy initiatives, including budget development, tax and financial sector policy, and two winning federal campaign platforms.

Tyler Meredith says this economic update feels different from previous ones—leaner, more pointed, and very much focused on the machinery of the economy.

**Tyler Meredith:** In many ways, this is a different fiscal update. This is a more focused document than has typically been the case. Some people might have criticized previous governments, as having fiscal documents that were a little bit too long and somewhat unfocused. And, I think, what's interesting about this document is that it is actually as short as it is. It has a limited number of measures. And those are really measures focused, for the most part, about how to implement the government's overall economic agenda. And so far, that economic agenda has been largely about how to get big projects built, including affordable housing, not just pipelines and roads and electrical grids, but also affordable housing for people in communities, while also ensuring that they remain focused on affordability. The grocery and essentials benefit, which was one of the biggest spending measures of this fiscal update, was announced a while before we actually got to the Spring update. It still recognizes that the gravitational pull, if you will, of Canadian politics is very much around affordability. And so, for the most part, the big measures of this fiscal update -- the creation of the Canada Strong Fund, additional investments in housing importability, and the creation, obviously, of the grocery and essential food benefit.

**Mary Barroll:** While the Spring Economic Update is largely framed around productivity, investment, and economic resilience, Tyler Meredith believes it also contains important signals for the nonprofit sector. In particular, he sees affordable non-market housing and the care economy as two areas where the government's priorities create opportunities for the sector to play a larger role in advancing Canada's economic and social agenda.

**Tyler Meredith:** One of the things that I would say about Mark Carney is that, that election, that we had a year ago, was very focused, obviously, on the threat that Canada faces vis-a-vis the United States and Donald Trump. And so, there really wasn't an opportunity to define a new social policy agenda. A lot of that social policy agenda was focused on how do we build a lot of affordable housing, at scale and at speed. And that's a huge commitment, on the part of the federal government.

**SFX: Drilling and hammering sounds**

The federal government's gonna do some very interesting things, paired with investments in skills training and also some investments in helping support essential frontline healthcare workers, with the PSW tax credit. But for the most part, the social policy agenda of the government, for the last year, has been to protect the things that we developed under the Trudeau government, keep them in place, ensure that they're well funded. There are new measures, I would say, on two things: How to ensure that we build a large supply of affordable, non-market housing, so that we can effectively tackle the housing crisis that we've been facing, but particularly focus on those who are, in most significant core housing need, as well as how to support the care economy. And so, those are more limited focuses of the government's social policy agenda than we've been accustomed to, in the last decade, where we saw a lot of new public goods added to the mix of things that Canadians can rely on, whether that's dental care, child care, pharma care, etc. And for the most part, the government has been maintaining those things.

**Mary Barroll:** Tyler Meredith believes the government's interest in affordable housing and the care economy reflects something larger than individual policy initiatives. He sees it as part of an emerging vision of social capital—one that recognizes the charitable and nonprofit sector not simply as a provider of services, but as a vital contributor to stronger communities and a more connected Canada.

**Tyler Meredith:** I think what's interesting about this fiscal update is that the government has obviously recognized that there is a need to go farther, in terms of looking at its relationship with the charitable sector. And I would point people not just to the Spring Update. But prior to the Spring Update, there was also the speech that the Prime Minister gave at the April Policy Convention of the Liberal Party of Canada. He spent a lot of time talking about social capital. He referred to social capital as that muscle. A virtue that if we train it and we build it, it will give back to us. And I think that's a marker for an idea that the Prime Minister has, especially as we're in this moment of national unity.

There's an idea there, for further engagement, between the sector and the government, about how the government can engage with charitable nonprofit organizations, as part of that frontline service capacity. As we build major projects, and we actually try to ensure that, we as Canadians, are more connected together, that's going to need to have a significant place, obviously, for non-profits and charities in our communities, who do a lot of the basic work of delivery of social services themselves that go well beyond the capacity of the federal government.

**Mary Barroll:** Tyler Meredith sees important opportunities for the nonprofit sector within the government's emerging economic agenda. But that optimism is far from universal.

**FX: News buzz**

**News clip:**
https://www.cpac.ca/house-of-commons-proceedings/episode/francois-philippe-champagne-presents-the-2026-spring-economic-update?id=ee068198-3020-4b61-9527-3e6291a4f134
*François-Philippe Champagne Presents the 2026 Spring Economic Update, CPAC*

**NDP MP Don Davies:** "Taken as a whole, this update represents a missed opportunity to meet the moment, just as the Budget in the fall did. In fact, there is almost nothing new in this update, that has not already been announced. In classic neoliberal fashion, it naively assumes that the private sector can be relied upon to solve all the challenges we face. It doubles down on trickle-down economics by using taxpayer dollars to fund corporate welfare, an approach that has consistently failed to deliver benefits to working people, wherever and whenever it has been applied. And it falls far short of responding to the reality that Canadians are living through."

[https://www.cpac.ca/cpac-special/episode/spring-economic-update-2026-opposition-reaction--april-28-2026?id=c796a0b4-358f-4f97-bc62-439fac16809b](https://www.cpac.ca/cpac-special/episode/spring-economic-update-2026-opposition-reaction--april-28-2026?id=c796a0b4-358f-4f97-bc62-439fac16809b)
*Spring Economic Update 2026: Opposition Reaction – April 28, 2026, CPAC*

**NDP MP Don Davies:** "This government is creating a fund with tens of billions of dollars of public money to benefit these massive private projects that will make huge profits for already profitable corporations. We should be investing that kind of money in the economy of care, where Canadians work and actually take care of each other, that binds our society together. We don't see pharmacare, we don't see increased investments in healthcare. We don't see the other main demand that we made of the Prime Minister to enforce the Canada Health Act and stop the rampant privatization of healthcare in Canada. His government does not have the priorities of working class Canadians at heart."

**Mary Barroll:** Opposition critics argue the Spring Economic Update places too much emphasis on major infrastructure and private investment while failing to address the growing pressures facing the care economy and other essential public services. Economist Armine Yalnizyan shares some of those concerns. She's the Atkinson Fellow on the Future of Workers and Vice President of the Canadian Association for Business Economics. In 2018 and 2019, she was Senior Economic Policy advisor to the Federal Deputy Minister of Employment and Social Development Canada and is also a business columnist for the Toronto Star. For her, what stands out most in this Spring Economic Update isn't the government's commitment to modernizing the charitable framework—it's what the Update leaves out.

**Armine Yalnizyan:** I think the number one standout was how absent they were. I know that the nonprofit sector felt that they got a shout out, and yay for them. The shout out was in the context of modernizing tax policy. When you look at the actual numbers being spent on childcare, it drops in 2027 and then rises a little bit and then drops again by 2030. So, the opposite of what is needed for childcare. The health transfers are sticking to a formula that was established a few years ago, they also don't look like they're growing. Now, all of this can change, right? They can negotiate something that increases money. But as of spring 2026, as affordability started to go through the roof again, and the crisis in care has not been met, with respect to people having a doctor, people being able to get a rapid diagnosis for something or getting access to rapid treatment, we are in a crisis of care. And there's not a whisper of concern about it. Other than, let's modernize the tax system for charitable organizations.

**Mary Barroll:** Armine Yalnizyan sees it as problematic that the government's update misses an obvious connection between the nation-wide affordability crisis and the group of nonprofit workers doing essential care work, who she believes are not only underpaid but also exploited.

**Armine Yalnizyan:** It's in the context of tax reform, not in the context of spending more on care or supporting the nonprofit sector. It, in fact, conflates the fact that the nonprofits exist at all with well-paying jobs. That's not the case. Nonprofits tend to be the para public sector. They tend to be the cleanup lady behind the failures of the public sector. When the public sector is trying to do stuff on the cheap, they turn to the nonprofit sector. And so this group of workers, that do provide human services, through nonprofit organizations, are often asked to do far more, than you would be asked to do if you were working in the public service, and get paid less, or tend to be less unionized, tend to have more chaotic work schedules, and do it because they love the work that they're doing, right? So, it is a labour of love, but it is an exploitation of people that love to serve others and help others. So, that's a problem.

**Mary Barroll:** Part of the problem, Armine Yalnizyan says, is a growing gap where the demand for nonprofit services, driven by demographic pressures such as an aging population, far outstrips the current supply. She says the government's economic strategy won't work if it fails to invest in *human* as well as *physical* resources. The sector struggles to prove its worth to policymakers and Armine Yalnizyan believes the nonprofit sector needs to better communicate how it can no longer meet the current demand – in other words communicate the nonprofit sector's "output gap", an economic concept that would resonate with a government led by a central banker.

**Armine Yalnizyan:** The Bank of Canada regularly produces something called the output gap. And that's what it is that the nonprofit sector needs to be doing. It needs to be showing the demand that is coming to their door that either is not being dealt with quickly, so there's wait lists, or there's reductions in services to be able to meet the throughput demand, or people are just getting turned away completely. So, that lack of ability to meet the demand that currently exists, which is not getting smaller, it is getting bigger over time. We thought it had peaked during the pandemic; it's nowhere near having peaked. And it will continue to grow because of demographic pressures, for nonprofit services, not for market-based services. The people that have the money in their pocket, they're gonna find whatever care they need. But most of us don't have the space to just shell out money to be able to skip the lines in publicly provided care.

So, I think one of the really big stories, in this moment that we are in, is that the nonprofit sector itself does not demonstrate the output gap enough. Demand is growing and our ability to meet that demand with the supply we have is limited. In fact, I remember looking at an Imagine Canada document that showed that about 25% of the organizations that had been polled, in their national annual survey, said they weren't sure they were going to be around in the next year. That's what happens when you have organizations that are largely functioning on volunteer labour, a skeleton staff, and they're burning out with the reporting requirements.

**Mary Barroll:** Armine Yalnizyan believes the nonprofit sector needs to become much more effective at communicating its value to government. That means pairing compelling stories about the people and communities it serves with evidence that measures the growing gap between demand for services and the sector's capacity to respond. Together, she argues, stories and data make a far more persuasive case for investing in social capital needed to support the government's broader infrastructure and economic agenda.

**Armine Yalnizyan:** There's something like 675,000 workers in the sector. And they're dealing with millions of people. If you have some kind of consistent way of telling the story of the output gap, of the rising demand, inadequate supply, what that means for the people that do go through the program, then you would be able to tell a very compelling story, if you were to marshal your resources in that way. You'll have the numbers to be able to really influence the conversation about the framework, the actual framework for providing nonprofit services.

I was just in Calgary and the mayor of Calgary came in to deliver a speech. And that speech included an announcement saying that the nonprofit chamber and the City of Calgary had signed a memorandum of understanding. And that by the end of the year, there would be core stable feature and funding for the nonprofit services that Calgarians rely on, because as the mayor said, those nonprofit services are as critical, to the economic development, of a two million person city, as pipelines. So, if you could only get more people able to understand that it's this infrastructure, this social infrastructure that lifts up and helps the human capital, that is absolutely critical for economic development, then, you know, we've got more people that can speak the language of investment in a way that is meaningful to human beings, not just investors.

Everything about this government so far, God bless them, I understand why they're doing it, I'm an economist. Everything about them is about investing in physical capital and assets and ignoring the investments that must be made, in human capital, if we are going to be able to deploy all that financial capital coming down the pike.

**Mary Barroll:** Throughout this episode, we've heard that the federal government is increasingly framing its priorities through the lens of investment, productivity and economic growth. Armine Yalnizyan believes the nonprofit sector must respond in kind—combining compelling stories with credible evidence to show that investing in prevention and care doesn't just improve lives, it also strengthens the economy and saves public money.

**Armine Yalnizyan:** They need data, they need stories, and they need a reason to change what they're doing, because what they're doing is unsustainable. Not only for the nonprofit sector, God knows that's the case, but for the economy as a whole.

There's a doctor in Toronto, his name is Dr. Andrew Buzari. He set up a place called Dunhouse. What he said, decades ago, is we're spending a million dollars on this homeless man, per year because of his altercations with the police, because of his visits to the emergency rooms and stuff like that. Andrew Buzari's project for Dunhouse was literally, we can save you money if you just invest in supportive housing for these people. I think it was 55 people and, a year after Dunhouse was opened, he showed how much money you would spend on an average altercation with the police, average night in detention, an average emergency room visit, an average stay in hospital. And it totaled millions upon millions of dollars. You saved money by spending on preventive care, which is a lesson of population and public health that we have learned for over 100 years.

Like your grandma said, an ounce of prevention is worth a pound of cure. That's exactly what the Dunhouse model is. If we could do that more effectively, more frequently, just show when you spend money with us, we deliver such benefits for the people that come through our doors that this is the payback. You actually see a change in people's earned incomes or in their reduced use of public services. In both cases, the public treasury is ahead. And so why wouldn't you expand that? Why wouldn't you close the output gap? Why wouldn't you reduce excess demand, the demand that exceeds the supply? You're literally leaving money on the table. So, that's what we're looking for, is more people that are willing to do the math to try and convince our elected officials, to convince our businesses, to convince our neighbors that this is the way to go, if you want to save money and improve lives and actually put a smile on more people's faces. Wouldn't that be a nice extra return on investment?

**Mary Barroll:** Building a stronger case to government isn't just about better evidence. It's also about presenting that evidence effectively. Nicole D'Aoust believes charities have a rare opportunity to shape the consultation with government -- but only if the sector comes together around its highest priorities and speaks with as much unity as possible.

Nicole D'Aoust: I think our sector isn't uniform by any means. There's a lot of voices that need to be part of this conversation. And I think for charities thinking about how to prepare themselves for the consultation, we're advising a lot of clients to take stock of the issues that they face in their day-to-day operations. Where's the red tape or where are the obstacles that they're facing? And really use this time to reflect on that. Then, to the extent that they can coordinate, I think the government will really appreciate if we come to them through a consultation, as much as possible, and it's not always possible because like I said, the sector is by no means uniform and we have different priorities. We have all sorts of different industries, if you will, within our sector and some of them don't always align. They don't always have the same interests. I think we all know that and I think the government appreciates that and that's okay. But if we can align and, maybe, for a smaller organization that has a lot of the grassroots expertise, looking around, and trying to partner with an advocacy organization that can help leverage their day-to-day operational expertise, where maybe they're not going to go and do government relations, maybe they're not going to go and directly participate. But they could be, you know, a couple of pages of expertise or summary or provide some data that could inform a broader submission by a larger umbrella organization. If organizations can keep their ears to the ground about what others are doing and communicating, and then coming together and to the extent possible, I think we'll be more persuasive if it's a sector-led consultation.

I would say even the small charities that think we don't have the resources or the policy team to put together a submission, recognizing that they have invaluable expertise to bring to the table, and looking to form a coalition or to participate in a submission with other organizations where we can really highlight the expertise and the thoughtfulness of our submissions. I think that will go a long way to helping this consultation. And it will be exciting to see the direction that it goes in. But I think that will be a very important piece of the work we need to organize ourselves and decide what we want this consultation to be. And the way we see it coming together now is more hopeful that charities will actually be part of the agenda setting for this consultation.

**Mary Barroll:** For Nicole D'Aoust, modernization isn't something that should happen *to* the sector. It is a process the sector has an opportunity—and a responsibility—to help shape.

**Music**

**SFX: Digital sounds**

**Mary Barroll:** As the nonprofit sector works to better communicate its economic importance to government, it's also looking ahead to the federal government's commitment to modernize the framework that governs charities and nonprofits. The question is whether the commitment signals genuine structural reform—or whether modernization will amount to little more than giving decades-old bureaucracy a digital facelift.  But what exactly should that modernization include?

Dr. Susan Phillips is a Professor Emerita of Philanthropy and Nonprofit Leadership at the School of Public Policy and Administration at Carleton University and a leading voice in Canadian philanthropy. Her work has been recognized with distinguished service awards from the Canadian Research Associations, in both public administration and nonprofit studies. She was also appointed to the Order of Canada in 2025 for her leadership in research and education in the field of philanthropy. Susan Phillips is cautiously optimistic about the government's promise to consult with the sector on modernizing its framework. As she explains, a modern framework begins with a broader question about the relationship between government and the charitable sector. From there, it extends to one of the most fundamental issues facing charities today: who qualifies for charitable status, and how Canada's legal system can adapt that definition to keep pace with a changing society.

**Susan Phillips:**  I think there are several things that comprise and move forward a modern framework. One starts simply with an understanding and thinking of the relationship between government and the sector as a social contract.

I think a modernizing framework involves thinking about which kinds of organizations, which kinds of causes, qualify as charitable because being a charity comes with privileges, it brings legitimacies and it signals what we value in society. There two ways to do that fundamentally. One is through legislation, which has a whole variety of challenges, can be undone and it's complicated. I don't think we'll go there. A much more simple way of doing that, because we use a common law system, meaning that we review what is charitable through the court system. Cases come up, charities have been denied and they bring a case to court. Right now that is very difficult for charities to do because those appeals have to go to the Federal Court of Appeal. It's expensive.

We therefore have very little review of what constitutes as a charity. And we could simplify that fairly readily by making the tax court with the federal court, the court of first instance. We'd hear more cases, we'd modernize the so-called definition, the review of common law, and it wouldn't be that difficult.

**Mary Barroll:** Susan Phillips also argues that modernizing the sector should include greater transparency and a fresh look at funding requirements and accountability. She cautions that going digital should never be an end in itself. Instead, digital transformation should focus on reducing administrative burden by streamlining funding applications and reducing red tape, so organizations no longer have to recreate and submit the same information time and time again in their grant writing.

**Susan Phillips:** We could do much more around digital systems. And I hope modernizing doesn't mean just e-filing and greater use of digital systems, but that's certainly part of it. The information, because it's in the tax agency that the Charities Director collects about charities, isn't readily shared with other departments. So, if you're applying for a contribution agreement or some kind of funding, enter the information all over again. Other countries, like Australia, when it modernized its framework for charities, just over a decade ago, started with a modern digital regulator so that you report once and you use that information often. And would also help CRA catch the fraudulent use of charities.

There will certainly be review of, as is already in the works, the distribution quota. I think we need better data overall. And we need the mechanisms for relationship building. The research that we've done through the Charity Insights Canada project, where we survey a national panel of a thousand charities once a week, 38% said, the relationship with the federal government and how the federal government engages with charities is either not very effective or very ineffective. And it was equally high for provincial government. So, there's a whole morass series of components of what it means to modernize that framework.

**Mary Barroll:** Modernizing the sector isn't just about legislation or digital systems. It also requires rethinking the way governments fund charities and nonprofits. As Susan Phillips explains, funding is more than a financial transaction—it shapes organizational behaviour, influences long-term sustainability, and ultimately affects the sector's ability to innovate and deliver affordable services to communities.

**Susan Phillips:** Part of that modernization comes with funding and thinking of funding again as a regulation. It shapes behavior. That's what a regulation does. And therefore, looking at the conditions of funding, as well as the amount, is it secure, sustainable, predictable? But what are the requirements and the conditions? So, it's part of that modernizing. And this isn't new. We have talked about modernizing the funding arrangements so that they are proportionate; they contribute to sustainability and security, for 25 years. The federal government did a report on this in 2005 and 6 that indicated we have a morass of rules that are unnecessary and they inhibit innovation, they inhibit the work of charities in being strategic. So, it contributes to the modernizing framework. It's also a big part of making affordability and building community. Charities provide services and, it's in, again one of the recent CICP reports, at no cost or it's certainly a subsidized recall cost, so that governments or the private sector couldn't produce those services at an equal cost and that's part of the affordability agenda, so we need to think of it in that context.

**SFX: Sound of dollar bills being counted**

**Mary Barroll:** One of the nonprofit sector's most persistent challenges is the way it is funded. Grants and contracts are often short-term, tightly restricted, and rarely cover the true cost of delivering services. Instead, charities are left to fill the gap through fundraising, donations, and other revenue streams—creating an ongoing cycle of financial uncertainty. As Dr. Susan Phillips explains, it's a standard we would never expect the private sector to accept.

**Susan Phillips:** Can you imagine expecting to buy a service from the private sector when we said, well, we're only going to pay 75% of the cost of that. You figure out where to get the rest of the money from. That's not how we work with the private sector. You recoup the actual costs of producing the good or the service. Often contracts, and this often applies to foundation funding as well as it does to government, it doesn't cover the full cost. What does that mean? You have to cross-subsidize. You have to find the money elsewhere. So, you're fundraising from your donors, maybe a kind of commercial, a business enterprise, you want a social enterprise, somewhere else, another grant. So you're moving money around constantly. That reduces the transparency. If I'm giving to an organization, I think I'm going to X, but they really need to move the money over there. It can cause potentially risky behavior. So, there's a lack of transparency, but it also puts the burden on charities to constantly be generating the extra amount, all of the time, in which either the government or the other funder usually gets the credit for funding the service, when they haven't funded the whole service at all. They've only funded a portion of it.

**Mary Barroll:** One of the consequences of chronic underfunding is the persistence of what many have called the "overhead myth"—the belief that investments in infrastructure are somehow less valuable than funding programs. But as Susan Phillips explains, the staff, technology, and systems that keep organizations running aren't optional extras; they're the very foundation of effective service delivery.

**Susan Phillips:** What are core operating costs? We often, in a rather derogatory way, call them overhead, but they're the infrastructure, they're the staff, the technology, the office, the lights and other utilities, the essentials that allow you to deliver programs at all. And there's been a long standing bias, amongst all funders, that somehow you should be able to get that money from elsewhere. And this is, again, a debate that's gone on, for more than 30 years. Part of the challenge in not providing core funding is that sense that we don't pay for administration or overhead. It should somehow magically exist. There's often the argument, too, that we don't want to create a dependency, if we pay for your operating costs, you won't be innovative and creative. And we have data that shows that is not the case. In fact, it facilitates innovation and strategic planning. All that to say, no, we are starting to see some change in core funding, particularly from some of the more innovative foundations that are recognizing if you truly want innovation and you want long-term planning, you want better service delivery, you need to fund some of that infrastructure. It becomes even more important with the technological revolution that we're facing. The change is going to be enormous and charities, nonprofits need to be able to invest in using that technology and using AI. And again, that's part of core operating.

**Mary Barroll:** Modernization isn't just about creating new rules. It's also about examining whether recent reforms are achieving what they were intended to accomplish. Nicole D'Aoust points to one example where well-intentioned changes may actually be slowing the flow of charitable funding to grassroots, Indigenous and other non-qualified donees.

**Nicole D'Aoust:** There was an attempt in 2022, when we got our new qualifying disbursement rules, to give charities an alternative to using the own activities, the direction and control rules where they could make grants more flexibly to trusted organizations, carry out due diligence that's specific to the charity and their operations, helping more Indigenous and BIPOC organizations, that are not registered charities, that are non-profits, but maybe have programs that are charitable to be able to be more easily funded by foundations and charitable organizations that want to make grants to them.

That was a great step forward. That was amazing. And those rules were very well received. But as part of that update package, and I think it was June or July 2022, we also got a new anti-directed giving rule. And the anti-directed giving rule says that the charity can't accept a donation or grant that's explicitly or implicitly conditional on flowing those funds to a specific non-qualified donee. So, while we're charities allowed to make a grant more flexibly to a non-qualified donee, we can't actually fundraise or go out into the community and say we found this non-qualified done that has an amazing program. The charity is comfortable, that we can fund them, in a manner that's compliant with the rules, the anti-directed rules come in as a stopgap to prevent that from happening, even if the charity is satisfied that the actual grant meets the requirements of the rules, and can be done. The anti-directed giving rule will says no, you can't accept a gift that's implicitly or implicitly conditional on flowing those funds to a non-qualified donee. So, what the effect of that has been is a slower uptake by some charities, in the use of the rules, and fewer funds flowing to the non-qualified donees that were intended to be, hopefully, the recipients of these grants. So, for me, that's a major area of focus.

**SFX: Sounds of typing**

**Mary Barroll:** Accountability is fundamental to the charitable sector. Organizations entrusted with public and donor dollars should be expected to demonstrate that those resources are being used responsibly. But as Susan Phillips explains, accountability is most effective when it’s proportionate—focused on meaningful outcomes rather than administrative minutiae that consume time and resources without improving results.

**Susan Phillips:** Accountability is built into the DNA of the charitable sector and we should expect accountability because we're dealing with public funds, with public funds from government or public funds from donors. And again, we know from the CICP data that charities take accountability very seriously, accountability for purposes of compliance with authorities and employment regulation and all those kinds of things, and accountability for purposes of assurance to the public, that they're doing a good job, that they're well governed, that they spend the money well, and accountability for learning. But, in terms of accountability attached by governments and other funders, it should be proportionate.

Often it follows a standard set of requirements, no matter how big the contribution agreement or the contract. So, it needs to be reasonable. It needs to be flexible enough it allows innovation. Often, if you specify the deliverables in such a narrow way, and as an organization starts delivering those services and then they found there's a better way to do it, but it's not in the agreement, then you have, by the nature of accountability requirements, inhibited innovation. We should be reporting on what matters, on outcomes and impacts, not sort of on the minutia of the means, how many pencils did you use in this?

**Mary Barroll:** Even when individual reporting requirements appear reasonable on their own, the reality for most charities is far more complicated. Organizations rarely answer to just one funder, and the combined weight of multiple reporting systems can become a significant administrative burden. As Susan Phillips explains, it's the cumulative effect that often overwhelms the sector.

**Dr. Susan Phillips:** The reporting that we have is often duplicated; almost all charities of any significance have more than one funder. And when funder A has this set of requirements, funder B is that set of requirements, and you multiply that, you created a burden. Each funder doesn't think they've created a burden, but they've created an aggregate burden.

**Mary Barroll:** Throughout this conversation, our guests have identified no shortage of ideas for modernizing Canada's charitable framework. But meaningful reform won't happen unless those ideas reach government in a coordinated and persuasive way. Nicole D'Aoust believes the consultation will be most successful if it is led not by lawyers or policy experts—but by charities themselves.

**Nicole D'Aoust:** We need to have a sector-led modernization project. The Canadian Bar Association, we do a ton of work, we do a ton of submissions to government on the technical aspects of rules and how they impact charities day-to-day operations, good or bad, or how they should be improved.

I think my sense of where we are now is that the government really wants to hear from charities and they want to understand really what the issues are on the ground in their day-to-day operations. And I think, if we can bring more of the charity voices to the table, to have discussions around some of the more technical topics, how they're impacting charities, I think that will be the way forward to have this modernization project be as positive and collaborative as possible. It can't be a practitioner-driven project, we will have a role to play and we most certainly will play a role in helping charities refine their submissions, make the most persuasive possible arguments as we actively help our charity clients with that. But, I think, the charities need to drive this and I think we'll be more productive and more impactful in our dealings with government as part of this consultation if it's a sector-led consultation or sector led modernization project.

The government right now, like everybody, is being asked to do more with less resources. In the past we would do kitchen sink submissions. We're like, here's all the things they we know from the work that we do on an ongoing basis, in government relations.

They don't have the resources to apply themselves. This is not a moment in time where the government can address 30 problems for us. So, we need to look at what are the serious issues that affect the most amounts of organizations. This is my opinion. Some organizations might think of this modernization project differently. But I think in terms of where we're likely to have the most amount of impact, that's how I think about it.

How are we likely to have the most amount of impact and what should we be doing to make sure that our submissions and this consultation project and this modernization project is as productive as possible?

I think we need to consolidate our submissions, focus our submissions and make sure that we're putting the economic growth at the forefront of it and making sure that the leading voices in this consultation are actually coming from the sector, not necessarily from the legal community or from practitioners. We should be playing a supportive role.

**SFX: News buzz**

**Media clip**

https://www.pm.gc.ca/en/videos/2026/04/27/prime-minister-carneys-message-canada-strong-fund
*Prime Minister Carney's message on the Canada Strong Fund*

"We're catalyzing a series of nation-building projects in energy, in trade, critical minerals, transport, data and beyond. These projects will make Canada stronger, more resilient, and more independent. They will create good jobs and grow our economy, providing the resources that we need to take care of ourselves and take care of each other. And to make sure that all Canadians can share in these benefits, we're creating the Canada Strong Fund – Canada's first sovereign wealth fund."

**SFX: News buzz**

**Media clip**
https://www.youtube.com/watch?app=desktop&v=VT8kpXru9Kw
*What Canada's spring economic update means for your wallet, CBC, The House*

"Everything is going up daily. It's expensive. It's a crisis, you know, for everybody.
Big families, we cannot afford anymore, to be honest."

**SFX News buzz**

**News clip**
https://www.youtube.com/watch?app=desktop&v=VT8kpXru9Kw
*What Canada's spring economic update means for your wallet, CBC, The House*

"One of your other big announcements this week was the creation of a sovereign wealth fund, a sort of state-owned investment account. We just heard from people who are struggling to buy groceries to feed their families. How do you explain to them that you're prioritizing $25 billion for this sovereign wealth fund, which they likely can't afford to invest in, versus giving them more relief? Well, you know, people understand that we need to do what's right now, but I suspect if you and I were in the store together, people would want to see also us looking further, you know, like saying, okay, what are you going to do for my kids and future generation? Sovereign wealth fund is like a collective uh investments and savings account. And if you look at the Nordic countries, this has paid great dividends to the people who have who have created these instruments."

**Mary Barroll:** The idea of a sovereign wealth fund has already raised difficult questions about priorities—especially at a time when many Canadians are struggling with the immediate cost of living. But Tyler Meredith says the Canada Strong Fund also reveals something important about how the federal government is beginning to think about public capital. Rather than simply spending, subsidizing, or regulating, government is positioning itself as an investor—using its balance sheet to de-risk major projects, attract private capital, and ensure Canadians share in some of the long-term upside.

**Tyler Meredith:** I think the easiest way to understand it is, this is state capitalism. And by that, the notion that if the state is going to be involved in doing things in the economy that are important from a productivity or de-risking standpoint, the taxpayer who is ultimately the state ought to have some potential exposure to the upside. The point being that if the government's going to come in and de-risk, whether it's investments in semiconductors or new emerging technologies, where the United States or other countries want to own the future, it ought to have some kind of exposure to the upside, in terms of how, as those shares and as that equity gets a commercial return, those returns shouldn't just go to the private market.

You see, the federal government, obviously having taken on a lot of risk, and taken on a lot of effort to try to speed up major projects. And that comes, obviously with political risk, but it also comes with risks that the Crown has to carry in terms of Indigenous participation, in terms of its duty to consult, in terms of the environmental assessment process. And we're doing all of these things to accelerate these projects because we need them to happen, from a long-term productivity and standard of living perspective. But if we're going to do that, the Canadians should also benefit on the other side. So, what the Canada Strong Fund is really doing is just saying the Government of Canada has money available, in addition to having made regulatory changes to support those projects, to also invest alongside the private market.

That's also attractive to me because it widens the base of potential capital that I have access to for my project. Now, obviously, the government is saying we want to still lend you money and invest in you, on commercial terms. But the government is also allowing, under the Canada Strong Fund, for Canadians who want to voluntarily participate and put their money in, to get some kind of a return, to also have that ability to do so.

**Mary Barroll:** While much of the federal government's attention has been focused on unlocking private investment for economic growth and major infrastructure, Prime Minister Mark Carney has also signaled the importance of strengthening Canada's social capital. Tyler Meredith believes that creates an opportunity for the charitable sector to help shape the next phase of the conversation, by demonstrating how philanthropic capital can become a more integral part of Canada's long-term investment strategy.

**Tyler:** I think the sector can use this as an opening for a larger conversation. The Prime Minister himself has put on the table this question about how we build social capital. And he hasn't yet really filled in the details. And I think that's an opening for a larger conversation.

Think about the overall mission that the Prime Minister has set for his government. At the core of that mission is how to spark a new cycle of investment in Canada. How do we deploy corporate dollars and government dollars to get business investment going in Canada. And the Prime Minister has set the goal of wanting to catalyze $500 billion of private capital, so that we can invest more in ourselves and our ability to build our own industrial capabilities, to build major projects, to also ensure that we can improve productivity. But included in that definition of private capital is philanthropic capital. And I think what's been interesting is while we've been having a national conversation in the last year about how to get business investment going in Canada, we have not had the same conversation happening about philanthropic capital.

And so how do we think about impact investing? How do we think about what the right level of investment of foundations, who have significant tax privileges, are in able to release some of that funding to build community capacity? And what is the definition of capital, in the context of kind of the social goods that we want to build? Obviously, you can think of it in a very physical sense. And I'd say that's where the government's thinking is these days. You think about affordable housing, primary care, those kinds of things that are obviously very capital intensive, in the form of the technology and buildings, but so much of the social services that we rely on are obviously human services, right? And so I think that's gonna require a somewhat creative thinking on the part of the sector, as well as government about how, if we do wanna tap that money that's sitting on the sidelines, that wants to help address major social problems today, like for example, chronic homelessness, we're going to need to think about capital in a different way, at least as it relates to that social muscle.

And so, it really would be advisable for the sector to spend some time amongst some of the key leaders, in the sector, thinking, you know, about Imagine Canada, Philanthropic Foundations of Canada, the United Way Networks, Community Foundations, etc., to go off and do the homework themselves of what they think a strategy that could be highly impactful in this moment, meeting the government's intentions of how it unlocks capital, how it supports increased social capital, how we meet the moment of a national unity crisis that we're facing as Canadians, and how we can improve our own sense of solidarity together as Canadians. And in doing that, put their own version of the strategy on the table for the government.

**SFX: News buzz**

**Media clip**
https://www.instagram.com/reel/DXjwpwajWS_/?hl=en
@markjcarney:

"Today's announcement is about families finding a home that they can afford."

**Mary Barroll:** If governments are prepared to rethink how they finance major infrastructure projects, Tyler Meredith believes they should also be prepared to rethink how they finance community infrastructure. He sees the federal government's new Build Canada Homes initiative as an opportunity for nonprofits to bring forward innovative ideas that could reshape the way affordable housing is funded and delivered—and accelerate the delivery of community housing across Canada.

**Tyler Meredith:** The government of Canada is now, with the creation of Build Canada

Homes, taking a very different, arguably an old, but an old, new idea of how to get housing built. And that's basically to use its balance sheet. The way we built a lot of infrastructure in Canada, in the 1950s and 60s and 70s, was we had the government use its own balance sheet to do so. And could we not, potentially, take advantage of the fact that if the government wanted to, at federal level, put the housing on its own balance sheet rather than having it on someone else's balance sheet, that it would be able to build at a scale, especially when combined with public land, to be able to solve part of the crisis that we face in our housing market. And that's basically what the model now of Build Canada Homes is.

And I think what's interesting about that is, for the nonprofit sector, it may require an adaptation in the model of how we think about investment in community housing. Because typically, the federal government would support nonprofit community housing providers, by basically just giving grants. And in some cases that might be the contribution of federal land, but for the most part, it was like, we would give you a grant of money and then you would go off and put it all together and do the financing and build the housing. But the asset would sit on your books.

Now with Build Canada Homes, there's an ability to provide that grant, but there's also an opportunity to have the housing sit on the Government of Canada's books and be operated by and supported by a long-term lease agreement with those nonprofit providers. Now, there's going to be some puts and takes, in the way that that works, with community housing providers, in terms of, they still want access to some kind of working capital and some kind of asset that they can use, to build their ability to go and finance future projects. And I think Build Canada Homes needs to find that sweet spot of how both sides can kind of make it work.

But in principle, what you've got with the federal government now is the commitment to say, we will throw a lot of money at this problem around how to build affordable community housing. And we're willing to use our balance sheet and we're willing to look at creative new financial innovations to make that happen because we just need to do this. And so I think it isn't fully settled yet how that's all going to work out in the nonprofit and community housing context, but this is a really exciting time. And I think people should see this as again, an open invitation. If you've got a neat idea of how to make a variety of projects happen at scale and at speed. There's an open invitation and open bar from the federal government to engage in those conversations.

**Mary Barroll:** As we've heard from our guests, love it or hate it, the language required to have meaningful conversations with this federal government is the language of economics. Nicole D'Aoust thinks the charitable sector will need to learn to speak that language fluently, if it wants to have any influence on government social policy.

**Nicole D'Aoust:** One thing I would say is that in the Spring Economic statement, it talks a lot about economic prosperity. Imagine Canada does a Hill Day, where you go to Parliament and you meet with various elected representatives and talk to them about the issues facing the sector. I participated on behalf of CHP snd one of the messages that we got from government, through those meetings, at the time, and this is echoed in the Spring Economic statement, is that proposed improvements that will lead to more economic prosperity are more likely to be well received or to have received more attention.

We have to come to the table with ideas that will help grow the economy. And that's a big focus of this current government. So, I think every charity will have its own area of focus. We need to think about what we're asking and the government is telling us, please focus on solutions or problems and or issues that will have an economic impact or will improve the economy. So, I think they've been very clear to us if that's what they're looking for us to put to them.

**Mary Barroll:** Nicole D'Aoust argues that charities need to frame their ideas in ways that support the government's economic priorities. Armine Yalnizyan takes that argument one step further. As Canada grapples with an aging population, growing demand for care and mounting affordability pressures, she argues that investing in charities and nonprofits isn't simply good social policy—it's an economic necessity.

**Armine Yalnizyan:** The future is nonprofit driven and let me tell you why it's nonprofit driven. We are moving into an era where a growing share of the population is going to be a senior. Seniors have lower incomes. They also have less spending needs, right? But what they need is not consumer goods and services, it's public goods and services. Their incomes tend to be lower than they were and they tend to be fixed. They're afraid of inflation and they're afraid of higher taxes and they need those services to be there for them. Well, guess what? As this cohort moves into their seniors years, we're not gonna be peak seniors till 20, 29, 2030, roughly then and around then, depending on what we do with immigration, we're looking at between 21 and 25% of the population being over the age of 65. Okay, so these people need cheaper services and cheaper is equivalent to nonprofit. You add profits to the services. You have to add taxes and administrative costs. So, you're just like multiplying cost after cost that has nothing to do with care. So, they want nonprofit services and more public services, which means by and large, either no cost or very low cost at the point of usage of the service.

Then, on the other hand, are the people that are gonna be supporting those who are too old, too young and too sick to work. The working age cohort is about to be the smallest it has been in 60 years. And these are the people that pay taxes that support the system. It's through their income taxes that by and large our systems of supports that are publicly funded get paid for. But they have been receiving fewer and fewer supports from that public system. Housing is unaffordable, there's not enough childcare, there's not enough healthcare, the list goes on. And so, there is this challenge to reduce, there's this discussion about affordability without pointing out that the things that are gonna make life most affordable: affordable housing, affordable healthcare, affordable childcare, affordable long-term care, all of these things need to be timely, high quality and low cost. And the only way to do that is through public funding. So, that's why I say the future is nonprofit driven. That's where the biggest demand is gonna be coming from. They can give you all the tax cuts in the world. It's not gonna offset your cost of childcare or healthcare. And it certainly isn't gonna make you healthier because a tax cut does not add a single unit of healthcare or a single new public bed. So we've got some real reckoning to do with how we see the interface between governments and us.

**Mary Barroll:** If Armine Yalnizyan is right that Canada's future will increasingly depend on a strong nonprofit sector, then the next question becomes: how should nonprofit leaders position themselves in the conversations that are shaping Canada's economic future? Tyler Meredith believes the sector has an opportunity to rethink how it frames its ideas—and to bring forward practical solutions that align with the government's current economic priorities.

**Tyler Meredith:** One of the first questions I would be asking myself is where there's large pools of capital available that want to support social impact? Whether that's foundations, whether that's a high net worth donors, what do they require, as it relates to private sector investment. What's the de-risking that government can play to help facilitate that investment? What are the actual tools that governments could put in place, that if we wanted to unlock hundreds of millions of dollars more a year, or billions of dollars more a year, to solve specific kinds of social problems.

The second question I would ask myself is, so, the government has made a series of changes recently to separate operating and capital spending. So, can we redefine capital for the purposes of some of these problems? What does the federal government need from an accounting perspective to make that happen? That'd be another question I would ask. A third question I would ask is, one of the challenges is, over time, we have a declining proportion of Canadians who themselves are engaged in giving, at least as it relates to the tax system.

And what we know is that, increasingly, a lot of the money that is going to charitable giving, through the tax system, is highly concentrated in the top one or 2%. And so as we think about wealth and equality and other social problems that we need to address, there's a problem there, right? From a social solidarity perspective, if we want Canadians to be involved in their communities and we want to use charitable participation as a way to do that, we need to broaden the base of the way in which people contribute their time and their money to organizations. So again, what can the federal government do in that respect? Does it want to think about, for example, how the UK or other countries have done matched giving, to really support people at the lower end of the spectrum, in terms of income, to participate?

**Mary Barroll:** For Tyler Meredith, the challenge is to present the nonprofit sector as part of Canada's investment strategy. Susan Phillips argues that charities and nonprofits are already contributing to Canada's productivity, innovation and workforce development—and it's time government began treating them as true partners in building the country's future.

**Dr. Susan Phillips:** The challenge is, as we reinvent our economy, governments aren't thinking, at least they haven't articulated it, that the charitable and nonprofit sector is a partner in that reinvention, in a variety of ways. It innovates. We know from our work that charities are innovating all the time. You need to give them the tools, the infrastructure.

Some of that comes from foundations, some of it comes internally, but government is also a part of that. Human capital. One of the things that the charitable sector does is it often employs, as well as volunteers, but it employs newcomers, it employs youth that may be their first job, and it invests in some of that professional development. Now, a lot of that professional development is in-house, it's not very expensive because they don't have a lot of money to spend on professional development, but nevertheless they're invested in training an emerging workforce. And that needs to be considered and recognized as how important that is to the innovation economy. If we are going to reinvent our economy in the way we're talking about, with attracting global talent, and really being a force in the world, you need communities that people want to live in, where they have jobs, but they also have amenities. The sports clubs, their kids go to the arts, the sense of belonging you get from being a member of that community. And who builds that? Governments have a role, but it's largely charities and nonprofits, those community organizations building some of that infrastructure, that action in engaging people and creating a sense of belonging. And finally, we don't pay enough attention to the fact that charities are often the ear to the ground in knowing what's working and what isn't. They're the ones dealing with users and clients and engaging with other organizations at a local level, a provincial level. And as we reassess what works in policy and what doesn't, we need that ear to the ground more than ever. So, Canada is behind other countries, in not considering how this sector is really part of an economic and a social partnership that allows us to be more innovative and productive as a country.

**Mary Barroll:** Together, our guests have argued that this is a pivotal moment for Canada's nonprofit and charitable sector—not simply to ask government for more support, but to make the case for being recognized as an essential economic and social partner. As we close this episode, we asked each of our guests to share their final thoughts on how the sector can seize the opportunity presented by the modernization consultations and help build a stronger partnership with the federal government.

**Armine Yalnizyan:** I think the missing piece is measuring the gap between supply and demand, monitoring it, putting a name on it, showing when you do do the work, what's the outcome and finding colleagues that you can do that with, system-wide, not just in Ontario, not just in Alberta, not just in BC, like actually trying to find best practices that you could lift up and say, if we did it this way, look what we could accomplish. If you're gonna be invited to talk about this framework, invite them to imagine a better Canada with you.

**Nicole D'Aoust:** We have many clients who are actively making submissions now, over the summer, about where they think this modernization project should go and what the consultation should look like because we see this as an opportunity. We're saying, go for it. Like if you think that you can have an impact now and have something to say about where this should go, we do view this as an invitation. I think that's a great way of putting it. I would just caution to charities to think about the government's doing more with less. How can we help them? We wanna work with them and not overwhelm them with, you know, too many asks, that's my opinion. And I always think about how are we gonna be successful? I think if we coordinate, do this in a coordinated manner, we're more likely to be successful.

**Tyler Meredith:** My advice to the sector would be really take advantage of this opportunity. Take the time over the summer. Figure out both how to solve the immediate question that CRA is asking of you and for them, but also use it as an opportunity to put forward a lot of creative, new ideas. And the key thing is they have to be creative, new ideas. This is a very different environment, both in terms of the world order that we're in, but even fiscally. And so there are some creative things that we can do together but it requires an appreciation, on the part of the sector, for how those tools have changed.

**Dr. Susan Phillips:** The sector needs to come together with collective leadership around policy. And the sector itself will say, oh we're so diverse, we can't come together as a sector. But I think there needs to be more of that. A collective leadership would build strength. I think we need a stronger narrative, and this comes both from the sector and a deeper understanding from government, of what that relationship is, the role of the sector in identifying those strengths. And those strengths are many: human capital, building community, contributing to quality of life, caring for those who are displaced from the enormous changes underway. And we need the mechanisms to have those discussions; it means government needs to be open to them. The sector needs to be there, in a collective way that really comes to some creative mutual problem-solving.

**Mary Barroll:** The Spring Economic Update only mentions Canada's nonprofit and charitable sector briefly in two paragraphs. But as our guests have highlighted, it does signal something important: the federal government has opened a conversation about the future of the sector and invited charities and nonprofits to help shape what comes next.

Whether that conversation leads to meaningful change will depend, in part, on how the sector responds. The opportunity now is not simply to ask for more funding, but to demonstrate—with evidence, collaboration and bold ideas—that investing in communities is an investment in Canada's economic future.

If the nonprofit sector can seize this moment to speak with a stronger, more unified voice, it has an opportunity to help shape a modern social contract—one that recognizes charities and nonprofits, not as a cost to be managed, but as essential partners in building a more productive, resilient and prosperous Canada.

Thank you to all our guests for their keen insight and wise advice. And thank you to our podcast sponsor WUSC. Be sure to visit our website and our show notes for more information on the resources, reports and programs mentioned in this episode.

If you'd like to hear more of what our guests have to say check out our full video interviews on our website. CharityVillage is proud to be the Canadian source for nonprofit news, employment services, crowd funding, e-learning, HR resources and tools, and so much more. Please take a moment to check out our website at charity village dot com. We love to receive your feedback about our podcast and your ideas for stories you'd like to hear about, so please follow us, like and comment wherever you get your podcasts.

**Mary:** In the next episode of *CharityVillage Connects*, Canada's nonprofit sector is facing a growing volunteer challenge at exactly the moment communities need it most. As the cost of living rises and demand for charitable services continues to grow, organizations are finding it harder to recruit and retain the volunteers they depend on. In our next episode, we explore how charities can engage seniors, youth and newcomers to Canada—and why the future of volunteerism may be critical to the country's economic and social resilience.

That's in our next episode of CharityVillage Connects. I'm Mary Barroll.
Thanks for listening.

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