

May 1, 2025

Right Hon. Mark Carney
Office of the Prime Minister
80 Wellington Street
Ottawa, ON K1A 0A2
Email: pm@pm.gc.ca

Re: Strengthen the Relationship Between the Federal Government and the Nonprofit Sector

Dear Right Honourable Mark Carney,

Congratulations on your election as the Prime Minister of Canada. As an organization committed to strengthening communities across Canada we are excited to work in partnership with your government to build a future that makes Canada strong. Like you, we believe every Canadian deserves to thrive in a safe, vibrant, and healthy community. To facilitate this, our sector delivers efficient and effective programs that sustain the quality of life for millions of hardworking Canadians and their families. Whether we are fostering a sense of belonging through arts and sports programs or ensuring families have access to nutritious meals through food banks, we stand with Canadians in their time of need.

The nonprofit sector is also an economic powerhouse. Each year, it employs 2.8 million people and contributes \$211 billion in economic activity—representing 8.3% of Canada's GDP. In addition, 13 million volunteers dedicate nearly 2 billion hours annually to building stronger communities. However, potential threats such as a recession caused by American tariffs will likely decrease donations to charities, decrease spending at social enterprises and reduce corporate giving and funding from philanthropic foundations. This will result in the sector having less funds to meet demand for service and program delivery.

As your government begins its mandate, we have [developed a nonprofit platform](#) which outlines key recommendations and areas of focus for your first 100 days of government to help foster a resilient, inclusive, and prosperous future for the nonprofit and charitable sector.

As you set the vision for a stronger Canada, we urge you to take critical action to strengthen and support nonprofits and charities by implementing and resourcing a dedicated unit in government for the nonprofit sector.

Charities and nonprofits are crucial parts of Canada's economic fabric. Despite the government's reliance on the sector to deliver on many promises and programs, there has been a disconnect between the government's ability to realize its goals through programs and services delivered by the nonprofit sector

and the well-being, capacity and financial sustainability of this sector. Most notably, the absence of formal representation in government often constrains the sector's ability to deliver programs in communities across Canada fully.

The lack of a coordinating mechanism within government is creating significant inefficiencies. We can cite numerous pieces of legislation and regulations that have been introduced without considering the impact on the nonprofit sector. As a result, government officials, Members of Parliament and charitable and nonprofit leaders invest extraordinary efforts to 'undo' or 'rollback' problematic measures. This is both a significant loss of productivity and weakens the effectiveness of the proposed changes. That includes a wide range of issues, such as inefficient and ineffective funding practices, to regulations governing how charities can partner with non-charities.

The nonprofit sector is deeply interconnected with almost every area of government. Organizations in the sector work closely with a wide range of federal departments to deliver programs and services and to advance public policy, which include:

- **Canada Revenue Agency (CRA)** plays a central role in the nonprofit and charitable sector by regulating registered charities, overseeing compliance with the Income Tax Act, and shaping the rules that govern how organizations fundraise, operate, and partner with others.
- **Employment and Social Development Canada (ESDC)** partners with nonprofits on workforce development, poverty reduction, and community programming.
- **Innovation, Science and Economic Development Canada (ISED)** interacts with nonprofits driving social innovation and entrepreneurship.
- **Health Canada** relies on nonprofit partners to deliver public health education, mental health supports, and community wellness initiatives.
- **Immigration, Refugees and Citizenship Canada (IRCC)** collaborates with nonprofits to deliver newcomer settlement services.
- **Global Affairs Canada (GAC)** engages nonprofits and international NGOs in development assistance and humanitarian response efforts.
- **Finance Canada** influences the sector through regulations affecting charitable giving, tax policies, and the Income Tax Act.
- **Canadian Heritage** supports nonprofits working in culture, arts, and multiculturalism.
- **Women and Gender Equality Canada (WAGE)** funds and partners with nonprofits advancing gender equality and youth engagement.

As you formulate the new composition of cabinet, we urge you to establish and adequately resource a unit within the federal government to act as a champion for the nonprofit sector. This will ensure there is coordination across departments, drive efficiency, reduce redundancies, and deliver significant cost savings for our sector by:

- **Enhancing cross-government collaboration:** Streamlining communication and coordination on issues affecting nonprofits and charities to avoid duplication and improve outcomes.
- **Fostering innovation and accountability:** Ensuring public policy supports a robust, efficient, and results-driven nonprofit sector, maximizing the impact of every dollar spent.
- **Leveraging data for smarter decision making:** Collecting and sharing high-quality, accessible data about the nonprofit sector to inform evidence-based policymaking and resource allocation.
- **Advocating for cost-effective policies:** Acting as an internal champion for the nonprofit sector, ensuring that policy decisions consider their impact on charities and nonprofits, preventing costly unintended consequences.
- **Addressing systemic inequalities:** Tackling inequities within the sector that fall under federal jurisdiction to create a fairer and more effective nonprofit landscape.

By strengthening the relationship between government and the nonprofit sector through a centralized unit, the government can optimize its relationship with the nonprofit sector, ensuring resources are used more efficiently while delivering greater value to Canadians. Imagine Canada remains committed to collaboration, and we look forward to working with your government to find mutually beneficial solutions for the charitable and nonprofit sector.

Sincerely,

Bruce MacDonald
President & CEO, Imagine Canada

Who we are

Imagine Canada is a national Charity whose mission is to strengthen Canadian charities and nonprofits to better serve individuals and communities here and around the world. We work to influence the regulatory and policy environment to create a Canada where thriving communities are fueled by strong nonprofit infrastructure and engagement, and social, economic, and environmental justice is advanced through collective advocacy and action.