



Written Submission for the Pre-Budget Consultations in Advance of the Fall 2026 Budget

Imagine Canada

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Recommendations

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Across Canada, communities, institutions, businesses, and governments are navigating a period of significant social and economic disruption. In this environment, Canada will need to strengthen not only its economic competitiveness, but also the resilience of communities and the systems that support them.

Charities and nonprofits are essential national infrastructure in that effort. They help people participate in the economy, support newcomers, foster social cohesion, strengthen local resilience, and deliver critical programs and services in every region of the country. Strengthening the nonprofit sector in Canada is one of the most efficient and effective ways for the government to deliver on its priorities, leveraging volunteerism, philanthropy, local trust, and community expertise to achieve public outcomes.

Each year, the nonprofit sector contributes \$244.2 billion to Canada's economy, representing 8.4% of the country's GDP. In addition, 13 million volunteers dedicate nearly 1.2 billion hours annually to building stronger communities - equivalent to 714,000 full-time jobs. The nonprofit sector is also one of the largest employers, with over 2.9 million workers - more than retail trade (1.94 million), construction (0.85 million), and manufacturing (0.83 million)- three of the largest for-profit industries. Compared to other sectors, its workforce is more likely to be women, racialized, and highly educated, underscoring the sector's role in supporting inclusive economic participation and workforce development.

Despite these contributions, nonprofits are currently plagued by rising costs, declining revenues, a growing shortage of volunteers and increasing demand. These pressures are stretching organizations to their limits. Without sustained investment in people and infrastructure, the very organizations that hold Canada's social safety net together risk becoming too fragile to sustain it.

We were encouraged to see recognition of the charitable and nonprofit sector as an important driver of the Canadian economy in the Spring Economic Update. We look forward to working collaboratively to strengthen the environment in which charities and nonprofits operate so they can continue supporting communities, contributing to economic growth, and helping Canada meet the challenges ahead.

Recommendation 1-3: Strengthen the Relationship Between the Federal Government and the Nonprofit Sector

The nonprofit sector's relationship with the federal government remains fragmented and inconsistent. Nonprofits primarily engage through individual departments, with no clear point of coordination and no mechanism to consider the cumulative impact of legislation, regulation, and funding practices on the sector as a whole.

This fragmentation limits the government's ability to draw on sector expertise in policy development and contributes to inefficiencies in program design and delivery. In the absence of early and consistent engagement, issues affecting the sector are often identified after legislation or programs are in place, requiring amendments, workarounds, or additional guidance. This creates avoidable costs and delays for both the government and the sector.

We appreciate the recognition of the sector as an important driver for the Canadian economy in the Spring Economic Update, and we welcome the government's intention to modernize the framework for the charitable sector. This consultation will be an important opportunity to modernize how charities, government, regulators and donors interact with one another while improving transparency, building public trust and reducing unnecessary administrative burden for organizations. Lastly, we would like to see the government increase the number of structured opportunities for nonprofit representation within existing federal advisory bodies and policy processes. While there have been important steps toward engagement, including the Advisory Committee on the Charitable Sector (ACCS), there is no sustained, coordinated approach that reflects the sector's cross-cutting role. As the government works to engage the sector, we would like the government to commit to the renewal of the ACCS, which has been dormant since August 2025.

Recommendations

- 1. Ensure nonprofit sector representation on relevant federal advisory bodies, including those focused on economic growth, workforce development, digital transformation, and regulatory modernization.*
- 2. Meaningfully engage with the nonprofit sector and relevant actors on the consultation to modernize the framework for the charitable sector*
- 3. Engage the nonprofit sector in the renewal of the Advisory Committee on the Charitable Sector to ensure it can continue to provide effective, ongoing advice.*

Recommendation 4-5: Ensure federal funding for nonprofits generates maximum social impact through reduced administrative burden

The nonprofit sector is an important partner in delivering programs and services that help build strong, resilient communities across Canada. Currently, the processes used to fund nonprofits are duplicative and wasteful. The government funding ecosystem is littered by outdated funding models and rigid restrictions that limit the sector's ability to meet community needs. In an era of increasing digitization

and a greater focus on efficiency, streamlining the application and reporting processes used to fund nonprofits will reduce costs, improving the government's return on investment. As the government seeks to review regulations to reduce red tape, it should work with the nonprofit sector to ensure that changes support the delivery of programs and services.

We echo [Fair Funding for Nonprofits](#) recommendations, a coalition of 50+ organizations, and we call on the federal government to improve the funding environment for nonprofits.

Recommendations

4. *Reduce the administrative burden associated with federal grants and contributions to nonprofits by:*
 - a. *Reforming reporting requirements to focus on impact and meaningful accountability while reducing excessive administrative requirements, and*
 - b. *Adopting a 'one partner, one profile' approach to eliminate redundant administrative work when nonprofits are funded by more than one federal funder.*
5. *Make federal funding for nonprofits more reliable and responsive to communities by:*
 - a. *Allowing flexibility in how nonprofits move funds between budget lines, and*
 - b. *Favouring longer funding terms and reducing wait times for funding approvals.*

Recommendation 6-8: Maintain funding for existing key nonprofit data products

Our sector faces a data deficit. For decades, the federal government has not regularly collected comprehensive nonprofit sector data. Over the past several years, we've seen some progress as the government has begun to carry out more frequent updates to the Satellite Account of Non-profit Institutions and Volunteering and included a nonprofit sample in the Canadian Survey of Business Conditions. However, budget 2025 included commitments to cut costs at Statistics Canada by up to 15% over three years. In March 2026, we learned with great concern that the government intends to cancel the Canadian Survey of Business Conditions (CSBC). [This survey](#) gave us crucial insights that we hadn't had in decades into the size and scope of the sector, its finances, its leadership, and who it serves.

While we are supportive of the adoption of modern statistical methods and increased efficiency, budget cuts should not reduce the availability of the data the nonprofit sector needs to effectively address the major challenges our country is facing. We still lack basic information on many aspects of the sector and regularly rely on data that is decades old. Where data on the nonprofit sector exists, it is often not available in easily accessible, usable, or disaggregated forms. We urge Statistics Canada to consult with the sector on major changes to any of the datasets that provide key information about our sector to ensure data products continue to meet our needs.

We echo the recommendations of the [Federal Nonprofit Data Coalition](#), a group of 60+ organizations, and we call on the federal government to implement their recommendations to address the nonprofit sector's data deficit.

Lastly, we implore the government to follow through on its Budget 2022 commitment to review the disbursement quota (DQ) changes after five years. Following through with this commitment will generate important evidence to inform future decisions about the DQ framework, particularly if supported by timely, high-quality data.

Recommendations:

6. *Maintaining funding for existing nonprofit data products, including;*
 - a. *The Satellite Account for Nonprofit Institutions and Volunteering and its associated Human Resources module*
 - b. *The General Social Survey of Giving, Volunteering and Participating*
 - c. *The Canadian Survey of Business Conditions (on a reduced, biannual data collection schedule)*
 - d. *The tax-filer donation dataset*
7. *Ensure enhanced federal nonprofit data collection results in high-quality, accessible data without creating excessive administrative burden.*
8. *Fulfill the Budget 2022 commitment to review the disbursement quota in 2027.*

Recommendation 9-10: Develop a binding regulatory framework to govern how AI systems are built and deployed

Canada cannot achieve large-scale Artificial Intelligence (AI) adoption or expect the nonprofit sector to participate equitably in it without a binding regulatory framework governing how AI systems are built and deployed. Alongside this, sustained federal investment in AI readiness for civil society, and the open data infrastructure that makes the charitable sector legible in a data-driven economy, are essential to ensuring that adoption is equitable, accountable and built to last. We urge the federal government to work with the [Canadian Centre for Nonprofit Digital Resilience](#), a national collaborative helping nonprofits and grassroots organizations across Canada use data and technology with confidence, security, and purpose to advance the following recommendations.

Recommendations:

9. *Develop and implement a binding legislative and regulatory framework to govern the development and deployment of AI systems.*
10. *Provide long-term investments to support AI readiness in the nonprofit sector in addition to investments in open data infrastructure.*

Recommendation 11: Engage the Workforce Alliance on the Care Economy to build a strong and resilient nonprofit care workforce

Imagine Canada echoes United Way Centraide Canada's support of the February 2026 announcement of a Workforce Alliance on the Care Economy. For decades, the community services sector has made critical

economic and social contributions, but low wages, burnout, and lack of benefits have been prevalent and are driving workers away; an estimated 155,000 jobs are at risk in the next half-year. With service demand anticipated to increase due to the twin effects of economic uncertainty and an aging population, Canada needs to quickly reverse this trend. We look forward to further details on the Alliance's mandate and are eager to understand how it will address the recruitment and retention of workers to deliver cost-effective services.

Recommendations:

- 11. Invest in data collection to build a strong and resilient nonprofit care workforce to drive better workforce planning and development. The following data should be collected.*
 - a. Labour market information, including workforce composition, career patterns, compensation, employee benefits, pensions and retirement trends, etc.*
 - b. Data about service demand and workforce capacity to enable adaptive service planning and anticipate needs and service gaps.*