

From Charity to Clarity: Reinventing Federal Government–Voluntary Sector Relationships

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In contemporary forms of leaner government and collaborative governance, involving the co-operation of multiple actors both within and outside of the state in the design and delivery of public policy, the voluntary sector is often the silent partner.

Voluntary organizations provide a wide variety of services either on contract, in partnership, or in the absence of government. They also play an essential role in promoting active citizenship because they rely upon voluntary participation of citizens in their governance and their programs. By establishing networks of trust based on interpersonal interaction they build social capital, and by giving voice to diverse communities they help to create a more vibrant democracy. In spite of these contributions, historically the federal government's relationship with the voluntary sector has been more akin to charity than genuine partnership: government departments selectively handed out money to voluntary organizations to undertake certain projects or deliver programs that served departmental interests and, with varying degrees of consistency, they invited chosen "stakeholder" groups to consult on policy issues.

Over its three terms, the Chrétien Liberal government has undergone a remarkable transformation in its stance and policies toward the voluntary sector. For most of their first term, the Liberals followed the pattern set by the Conservatives before them, in slashing funding to a wide variety of voluntary organizations and ignoring or even denigrating those that spoke out against government policy. They made an abrupt turnaround in the 1997 electoral campaign when, in Red Book II, they recognized the importance of the voluntary sector by declaring that it "constitutes the third pillar of Canadian society and its economy" (the others being government and business), and committed a Liberal government to building capacity in the sector and a stronger relationship with it. Their second term provided follow-through on this election promise by developing a framework policy known as the Voluntary Sector Initiative (VSI). Almost \$95 million over five years was committed to this VSI, which established a complex array of "Joint Tables" that are unprecedented experiments in collaboration. The VSI is a multifaceted strategy that includes: support for an "accord" that will clarify and guide the establishment of a stronger relationship between government and the sector; research and infor-

mation gathering on the sector; capacity building through skills and technology development; regulatory reform; and promotion of volunteerism during the International Year of Volunteers in 2001 and beyond. Although significant allocations of money are involved, the VSI is less about programming than it is about relationship building.

The third Liberal mandate has brought the test of implementation. In this implementation phase, the VSI has moved out of the limelight – receiving no mention in either Red Book III or the 2001 Speech From the Throne – and into the hard slog of deciding upon and enacting program details.¹ Although the VSI has a strong presence within the public service, the relative lack of public visibility raises the possibility that the old adage “out of sight, out of mind” may prevail. In particular, the possibility that the federal government will get around to implementing only the easy parts of the strategy while avoiding several key issues that it finds more contentious but that nevertheless are critical for the future of the sector and its relationship to the federal government, is a genuine concern.

The success of the VSI will depend not only on its actual strategy, but on the process and structure through which it is implemented and on the ability of this process to bridge two distinctively different cultures.

How the Voluntary Sector Got Discovered

Canadians have a strong tradition of volunteerism and civic participation. The 1997 National Survey of Giving, Volunteering and Participating indicated that 7.5 million Canadians volunteer a total of 1.1 billion hours annually, through nonprofit organizations.² The result is a strong, vibrant and diverse voluntary sector of 78,000 organizations registered as charities with the Canada Customs and Revenue Agency (CCRA), about another 100,000 associations (such as advocacy, environmental, self-help and women’s groups) that are not eligible for charitable status, and an unsubstantiated number of more informal grass-roots groups.³ The range of activities in which the voluntary sector is engaged is enormous. It serves Canadians from womb to tomb and involves both direct service delivery and public policy advocacy. Although often overlooked, the contribution of the sector to the economy is also significant. More than 570,000 people are employed by voluntary organizations, (excluding hospitals and universities), and the voluntary hours contributed translate into the equivalent of more than half a million full-time jobs.⁴ It is important to note that, although the sector includes many large, sophisticated organizations with professional staff, the bulk of the sector consists of small organizations: 80 per cent of charities have annual revenues of less than \$250,000 and 50 per cent less than \$50,000; 60 per cent have one or no employees.⁵ The other interesting fact about the voluntary sector is that the public has greater trust in it than in government or business. A 1998 Ekos survey showed that 89 per cent of respondents had moderate to high confidence in nonprofit and voluntary

organizations while only 57 per cent had similar confidence in government and 76 per cent in private corporations.⁶

Governments' reliance on voluntary organizations to deliver human services and build communities predates the welfare state and has continued during its dismantling. Long before Confederation, churches provided virtually all welfare and education services. The Canadian government first began a direct relationship with the voluntary sector in the early 1900s when small grants were given to a few charitable organizations, such as the Canadian Lung Association and the Victorian Order of Nurses, to buy supplies and provide services to vulnerable populations that governments could not reach.⁷ The relationship expanded considerably in the 1940s when the federal government recognized the potential of the wartime expansion of voluntary organizations for nation building and in construction of a distinctively Canadian citizenship.⁸ The Citizenship Training Program, housed in the federal Department of the Secretary of State, began funding voluntary organizations with the explicit goal of encouraging collective action to provide a training ground for creating good, loyal citizens.⁹ In the late 1960s, indirect financial assistance to voluntary organizations began to be provided through a revised system of income tax deductions, later credits, to taxpayers who make donations to recognized charities. This began a national system of registration and regulation of charities, now administered by the Canada Customs and Revenue Agency (CCRA).¹⁰ In the 1970s, operational funding to voluntary organizations engaged in promoting particular aspects of Canadian identity such as official language minority associations and multicultural organizations, was expanded and institutionalized in the programs of the Secretary of State.¹¹ Throughout the 1970s and early 1980s, voluntary organizations continued unobtrusively with their work, although the number of organizations grew rapidly during this period.¹²

Things began to change for the worse under the Progressive Conservative Mulroney government when a succession of cuts was made to the core funding of a wide range of voluntary organizations. The motivation behind these cuts was partly financial, driven by a desire to control the deficit, but not only financial, as evidenced by the fact that in one year the money saved from voluntary organizations was directed to paying for industrial milk subsidies, rather than deficit reduction.¹³ The Mulroney government also attacked the credibility of many voluntary organizations, particularly those critical of the government's social policy cutbacks and disputed whether they, in fact, represented who they claimed to represent.¹⁴

The first term of the Chrétien government did not deviate very much from the Mulroney pattern but simply made funding cuts deeper and faster. An internal task force of Assistant Deputy Ministers (ADMs) set out a policy which mandated that only those organizations which directly supported the priorities and policies of departments should be funded and that most of this funding

would take the form of project rather than core funding. The low point for the sector's relationship with the federal government was 1995-1996 when the future direction of deep and continuing cuts articulated in the Program Review became fully evident and it appeared that there was little interest in hearing from voluntary organizations on policy issues unless they shared the government's perspective.

From this point, interest in building a more constructive relationship between the federal government and the voluntary sector developed along two parallel tracks that merged in 1999. Until the mid 1990s, the voluntary sector in Canada had had no strong, sector-embracing national leadership. Most of the "national" organizations were structured according to subsector or service areas and there was no lead umbrella organization which spoke for the sector as a whole at a national level, so a number of sector leaders came together to create such leadership, if not an actual organization. The Voluntary Sector Roundtable (VSR) emerged as a "coalition of coalitions" whose 12 members represent the broad diversity of the sector and which today remains unincorporated.¹⁵ The VSR identified a number of priorities, including increasing charitable tax incentives and enhancing accountability and received multi-year funding from the J. W. McConnell Family Foundation. In the 1996 and 1997 Budgets, the lobbying efforts by the VSR proved successful in obtaining improved tax credits for charitable donations.

In order to ensure the sector's accountability and thus maintain its high level of public trust, the VSR set up an independent panel of experts, chaired by Ed Broadbent (former leader of the federal NDP), to research, consult broadly, and make recommendations on improving accountability in the sector. The "Broadbent" Panel on Accountability and Governance in the Voluntary Sector saw in its mandate not only an opportunity to consider better self regulation, but to examine the sector's relationship with governments, particularly the federal government which exerts considerable regulatory power through the tax system and which seemed to be set on imposing heavy-handed regulation on the sector. Its February 1999 Report made over 40 recommendations aimed at both the voluntary sector and governments.¹⁶

At the same time, an important shift in thinking was already beginning to occur within the federal government. In preparation for the 1997 election, the Liberal Party produced its second "Red Book" which made a commitment to increasing the capacity of the voluntary sector to contribute to Canadian life. Why the rather sudden change of direction? There are probably several reasons but one was that there were a few key individuals in the Prime Minister's Office (PMO) and Privy Council Office (PCO) who had a deep appreciation of the role of the sector not only in service delivery but in fostering democracy. But the reasons extend beyond the personal influence of a few individuals. The Chrétien government had also come to realize that it could not govern and deliver services on its own: in an era of smaller government it needed the voluntary

sector as a partner more than ever. As the Prime Minister said at an international conference of volunteer managers in Edmonton in August 1998: "After decades of thinking otherwise, we have had to come to terms – squarely and honestly – with the truth. That governments don't have the wisdom or the resources to do everything."¹⁷ In addition, the federal government knew that it had lost visibility and credibility with Canadians – the provinces overwhelmingly got credit for all the services that most directly touch people's lives. Transfers and tax credits had rendered the federal government's indirect funding role in these services virtually invisible. Trust in government could be rebuilt, it was argued, by creating more social capital, a distinctive contribution of the voluntary sector. The Canadian government was not alone in such thinking, as most developed democracies had also discovered the importance of the voluntary sector by the late 1990s. In particular, the Liberals have been able to look to the Blair (United Kingdom Labour) government's "Third Way" and its variety of measures to build stronger relations with the sector.¹⁸ The particular Canadian impetus for building a partnership with the voluntary sector is that it can be an instrument of national unity. When relationships with the provinces are rocky, the federal government can maintain a direct connection with citizens and communities through support for voluntary action.

Following its re-election in 1997, the Liberal government began to work internally through an interdepartmental committee to examine how to give substance to the rather vague Red Book II promises. As with many interdepartmental mechanisms, the committee made rather slow progress. A Voluntary Sector Task Force with fulltime staff was created and housed in the PCO (giving it considerable stature), to assist and advance this effort. The Task Force's set of recommendations to Cabinet for fulfilling the Red Book promises went forward in early 1999, drawing upon the recently released final report of the Broadbent Panel. At this critical point, Ministers became directly involved with voluntary sector leaders when the Ministers of Health, Human Resources Development Canada (HRDC) and Revenue hosted a working dinner attended by 10 other ministers and 20 representatives of the voluntary sector. (Politicians' affinity with the voluntary sector should not be underestimated because most apprenticed with community connections in a wide variety of civic organizations and service clubs before getting elected and for the most part they have remained strong supporters of the VSI).

The sector's demands to be full partners in the process of rebuilding a relationship and a realization that internal mechanisms could not move the process forward on its own, led to the establishment of a novel experiment in government-voluntary sector collaboration. In March 1999, three Joint Tables consisting of about 14 members each with equal representation from government and the sector, jointly co-chaired, were created and charged with making proposals for building the relationship, strengthening capacity, and improving the regulatory framework, respectively. Although the Tables had only a short

time (to the end of August), for their work, the joint process was an enormous success and the Tables' combined report entitled, *Working Together*, produced a set of recommendations that quite closely reflect those of the Broadbent Panel.

For the next nine months, the "jointness" of the process was suspended, however, as government officials prepared the Memo to Cabinet, Ministers deliberated on it, and Treasury Board submissions were approved.¹⁹ This cloak of silence caused considerable irritation in the sector because the change from the openness of the Joint Tables to the confidentiality of the executive policy process seemed abrupt and more extreme than in similar situations involving the private sector and it produced fears that key recommendations would be lost.

The first signal that the federal government would follow through came in the October 1999 Speech From the Throne which committed the government to enter into a framework agreement or accord with the voluntary sector and provide support for the celebration of the International Year of Volunteers in 2001 and a continuing national volunteerism initiative. Funding allocations did not appear to follow in the February 2000 Budget, however, which made no explicit reference to a voluntary sector initiative, although sector leaders were assured that the funds had been "booked".²⁰ On budget day, the Prime Minister gave a strong indication that action and funding would follow, thus subverting criticism from the sector, by announcing the creation of a Reference Group of eight ministers, chaired by Lucienne Robillard, President of the Treasury Board, to provide strategic leadership to such an initiative. In early June 2000, Robillard officially announced the Voluntary Sector Initiative with the twin objectives to: "increase the capacity of the voluntary sector to meet the demands that Canadian society places on it"; and "improve the Government's policies, programs and services to Canadians, leading to increased public confidence".²¹

Strategy of the Voluntary Sector Initiative

The VSI's commitment of \$94.6 million over five years beginning in 2000/01, (most of which will be spent in the first three years), flows directly from, and addresses many of the recommendations set out by the 1999 Joint Tables. It holds a number of surprises, however, in what it identifies as priorities and in what it excludes. The VSI is not simply an updated version of the abandoned Secretary of State programs. The model is not to provide core funding to individual organizations, but to finance the development of capacity-building processes and provide resources that will benefit the sector as a whole. The VSI sets out a general strategy and funding allocations for the main components of it but the details are being worked out by six Joint Tables, modelled after the 1999 experience.

As shown in Table 1, almost a third – \$28.5 million – of the VSI budget goes to short-term programs aimed at supporting the voluntary organizations'

Activity	Allocation (\$ millions)
Involving Voluntary Organizations in the Development of Departmental Policies and Programs	28.5
Strengthening the Capacity of the Voluntary Sector	24.9
Development of an Accord and Related Relationship-Building Mechanisms	11.1
Enhancing the Use of Technology	10.0
National Volunteerism Initiative and Celebration of IYV	9.9
Regulatory Reform	8.6
Communications Strategy	1.6
Study of Federal Funding Policies	1.0

involvement in departmental policy development. This allocation is one of the big surprises of the VSI as it was not a recommendation of *Working Together* but emerged as a result of confidential deliberations within government. There are contrasting views as to why government, acting alone, decided to devote so much of the Initiative's funding to departmentally-based projects. The first is that, if the federal government is really going to work with the voluntary sector more effectively, this ultimately has to happen at the departmental level, and this funding will allow departments to develop better practices. The second view is that this is the classic logroll – a way to pacify and get the buy-in of departments that were not that keen on the proposed Initiative. Whatever the initial motive, the practical purpose of this funding, as encouraged by the voluntary sector, is to transfer and get as much of this money as possible to “stick” in the sector through projects undertaken by organizations that help them build greater capacity for policy development and engagement with government, not simply to be spent directly by departments on their own projects or consultations. Because the money sits in the fiscal framework, departments have to make applications for funding for specific projects. The first round of proposals was a highly mixed bag that reflected both vague criteria and the differing levels of sophistication in engaging voluntary organizations which currently exist among various departments and regional offices.²² It was thus apparent that the ability of voluntary organizations to benefit from this funding would be erratic and arbitrary, depending on which department or region they normally deal with. In order to improve this component of the VSI, one of

the Joint Tables undertook the task of developing clearer criteria and open, transparent solicitation and review processes for approving departmental proposals that will better meet the goals of enabling voluntary organizations to more effectively engage with the federal government, and encouraging departments to involve them.

Capacity building, the next largest allocation, includes a wide variety of measures such as: promoting skills development in the sector; expanding research; promoting awareness of the sector and its contributions; providing policy internships and academic fellowships; institutionalizing (on a three-year basis) the National Survey on Giving, Volunteering and Participating; and initiating a Satellite Account on voluntary activity within Statistics Canada's System of National Accounts that will document the scope of economic activity and contribution of the sector.

The establishment of an "accord" between the government and the sector that sets out expectations, mutual responsibilities and good practices for their relationship, and the development of other (undefined) relationship-building infrastructure will receive \$11.1 million. Of this amount, \$2 million supports a much needed co-ordinating secretariat within the sector and \$2.4 million allows the Voluntary Sector Task Force to manage activities within government. Almost \$10 million was to be spent on a national initiative for the promotion of volunteerism and celebration of 2001 as the International Year of Volunteers. In many respects, both of these were of higher priority to government than they were to the voluntary sector. Although both were part of the *Working Together* recommendations, they became elevated as priorities during the executive approval process because they are relatively "quick hits" – things that can be done in a short period of time to show that progress is being made.

Another \$10 million is dedicated to assisting the capacity of the voluntary sector to use information technology, particularly to develop online tools, in a manner that is intended to complement the work of Industry Canada's VolNet Program over the past two years in connecting small organizations to the Internet. Regulatory reform involves review of the regulations and practices which the CCRA administers under the *Income Tax Act*. Finally, \$1 million is allocated to an internal study of federal funding policies and practices related to the sector and \$1.6 million to a communications strategy.

The VSI is unquestionably an important step toward building a stronger government-voluntary sector relationship and it provides more money for capacity building than the sector has ever seen before. There are several significant gaps in the Initiative, however, where the federal government has shied away from the major institutional and regulatory reform articulated as top priorities by the Broadbent Panel or by the *Working Together* report.

The two issues – advocacy and funding – that are of critical importance to virtually all voluntary organizations but that are politically sensitive to ministers, have both been deliberately sidestepped by the VSI, at least for the moment. As noted in *Working Together*, advocacy as a form of free speech, can be considered an essential, constructive part of democracy and a benefit not only to the members and users of voluntary organizations, but to the general public as well.²³ Yet, in spite of the recognition of the importance of the voluntary sector in service delivery, some departments still see its uninvited engagement in public policy advocacy as somewhat illegitimate. Advocacy by registered charities is unduly restricted (to 10 per cent of an organization's total resources annually), and the rules seem to be applied inconsistently so that big charities, particularly universities, hospitals and the large health charities, are able to "get away with" much more than small organizations.²⁴ In contrast to the restrictions on charities, private corporations are virtually unfettered in their advocacy activities and can write off the costs as an expense of doing business, in effect enjoying a kind of public subsidy. The 1999 Joint Tables highlighted the unfairness of the restrictions on public policy advocacy and recommended considerable liberalization, as long as advocacy activities did not become the dominant work of charities.

Like advocacy, government funding of voluntary organizations has been detrimentally affected by the public sector restructuring of the past decade. The result has been that voluntary organizations face a triple whammy. First, they have seen their government funding cut substantially and core funding withdrawn in favour of short-term project funding, leaving them with fewer resources and less ability to undertake long-term planning. Second, as governments cut or withdrew from the provision of many services, client demand for services provided by voluntary organizations increased. Third, because the entire sector is facing the same funding dilemma, there is increased competition in fundraising, making it more difficult to diversify sources of funding. From the sector's perspective, the issue is not simply or even primarily about *levels* of funding, but the need for stable, multi-year funding commitments in order to facilitate planning, recognition of the costs of administration and evaluation that are associated with projects and contracts, and consistency of practices across departments.

The political directive given to the VSI is that neither advocacy nor funding are on the table for a full, joint review at this time. It provides only an internal government review of funding practices and an informal, less visible review of policies surrounding advocacy, and sector-only working groups on both. The benefit of the VSI is that it is largely process driven – that flexibility in addressing specific details and determining direction under the general umbrella of the Initiative comes from the deliberations of the Joint Tables. Therefore, there is a possibility that the strategy will evolve to encompass a more serious and extensive joint engagement of these vitally important issues.

The other aspects omitted by the VSI may seem more archaic and distant to the grassroots of the sector, but they are nevertheless vital aspects of capacity building. The first deals with the basis for determining which kinds of purposes are allowed to be registered as charitable and therefore which kinds of organizations are able to issue tax receipt credits as incentives for giving and enjoy the legitimacy of being officially sanctioned. In making this determination, Canada, like other common law countries, relies on the *Preamble* to the English *1601 Statute of Elizabeth* and the subsequent *Pemsel* case of the 1890s.* The beauty – and the limitation – of the common law is that it remains as current as the last judicial interpretation. With regular judicial review, the common law could be highly flexible and adaptive to changing societal values and conditions, but in the absence of regular review, it risks becoming out of step with contemporary society. The problems in Canada are twofold. First, the agency responsible for making decisions on charitable status is the Charities Directorate of the CCRA which, as part of a tax agency, naturally has a primary and compelling duty to uphold the integrity of the tax system, and generally takes a conservative approach to permitting tax expenditures. Thus the CCRA has been criticized as being quite narrow in its interpretation of the common law in considering applications for charitable registration. This administrative restrictiveness is compounded by the fact that the appeal route for an organization which has been denied charitable status is to the Federal Court of Appeal, which is prohibitively expensive for most small organizations. Consequently, the FCA has heard only about 20 appeals of denial of charitable status over the past 30 years and the Supreme Court only one.²⁵ The overall result is that the interpretation of charitable status is more restrictive in Canada than in most common law countries. For example, in Canada, unlike the UK or the USA, organizations that promote racial harmony, environmental protection, volunteerism, and patriotism would not be considered charitable and thus cannot use the tax system to help build communities of support.

The primary barrier to review of the definition of charitable status and how it might be expanded is the Department of Finance which fears that if more organizations are allowed to issue tax receipts, there will be a significant cost to the public purse (that is, effectively spending money by foregoing the collection of a revenue). In addition, Cabinet perceives there to be little political payoff in opening a debate over charitable status which will necessarily stir up some measure of controversy.²⁶ The political heat is probably less than imagined, however, because there are a number of obvious ways in which the policy could be expanded just to make Canada comparable to other developed countries and the charitable sector is generally supportive of expanding the definition.²⁷ The VSI has a mandate to assess just how much a more

[*Editor's Note: Discussed most recently by Kathryn Bromley in (2001), 16 *Philanthrop.* No. 2, at p. 74 and No. 3 at p. 193.]

expansive interpretation of charitable registration would cost and to review the appeals process but there seems little real interest on the part of the federal government in reviewing the definition of charity, even though this is a fundamental component of capacity building.

Although the VSI has proposed some minor regulatory reform, it has been quite timid in supporting institutional reform of the regulator itself. Constitutionally, jurisdiction over charities is a provincial matter, but most provinces (including Quebec which administers its own tax and charitable registration system) do little by way of regulating or supporting the good governance of voluntary organizations. The federal government is involved, and indeed has become the *de facto* regulator because organizations register as charities under the federal *Income Tax Act*, and in turn must file annual financial reports (T3010s) and comply with certain restrictions on their conduct. The criticism is that the tax collector is not a suitable institution for regulating charitable organizations or for promoting good self governance.²⁸ A strong case is made by the Broadbent Panel and by many charity lawyers, as well as by sector leaders themselves, that a new institution, modelled loosely after the Charity Commission of England and Wales, should be created to replace the CCRA, and considerable work has already been done to develop the details of institutional design.²⁹ The VSI has not made a commitment to implement institutional reform, only to undertake further study of institutional models and conduct a targeted dialogue with the voluntary sector. Although this response is decidedly weak given the extensive discussion that has already taken place on the subject, a stronger commitment to actually implement institutional reform may emerge from the Joint Tables.

In spite of these shortcomings, the VSI is a very positive first step in building capacity in the sector and better relationships with the federal government. In many respects, the strategy itself is the most malleable aspect of the Initiative. Because the VSI sets up a collaborative process for implementation of its strategy, there is a possibility that some of the issues currently left aside may become more central. There is the danger of a significant loss of credibility for the entire Initiative, however, if the federal government is not sufficiently flexible and responsive in dealing with issues that emerge as central to the voluntary sector partners or to the participants in the extensive consultations that are planned as part of the process. The VSI will also need to be fleet-footed in another way, i.e., in respecting and responding to provincial and municipal initiatives in relationship building. When the federal government began its efforts to build a stronger relationship with the sector in 1997 there was very little serious similar activity at the provincial level, although the relationship is just as, if not more important provincially. Over the past two years, however, many provinces and municipalities have taken some innovative steps toward better relations, including the development of, or proposals for accord-like agreements in Newfoundland, Quebec, British Columbia, Winnipeg, and the

new City of Ottawa. These initiatives do not in any way pre-empt or diminish the importance of the VSI, but the federal government will need to ensure that, in its consultations and relations with provincial governments, it is sensitive to the implications of local developments.

Process and Machinery

The difference between governing in a unilateral, hierarchical manner versus a collaborative, horizontal manner is that the processes for governing take on new significance in the latter case. In making collaborative processes work, often new institutional arrangements need to be devised. For the VSI, both short- and longer-term issues of process and machinery are important. In the short term, involving the actual development and implementation of the strategy, mechanisms for joint government-voluntary sector decision making have been created by emulating in a more complex manner the successful experiment of the 1999 Joint Tables. In the longer term, the question of machinery will focus on co-ordinating good practices related to the sector across government departments and of providing mechanisms for obtaining input about, and reporting publicly on their effects. This latter issue has received little attention so far.

Responsibility for determining specific priorities and projects under the VSI and for overseeing their implementation is assigned to six Joint Tables, and the co-ordination of common aspects of their work is managed by a Joint Co-ordinating Committee (JCC). This is a massive voluntary effort: both the public servants and voluntary sector representatives have taken on the responsibilities of Table participation in addition to their fulltime jobs, receiving no stipends for their efforts. Each Joint Table consists of 14 to 16 members, half of whom are selected by the federal government and half by the voluntary sector, and is co-chaired by a senior federal public servant and a representative of the voluntary sector.³⁰ In order to ensure continuity of individuals' knowledge and experience with the Tables, both sides have agreed to a no substitution rule, so that if any member does not attend a meeting, an alternative cannot serve. A prime factor in making the whole thing work is simply time for full participation, particularly for the public servants for whom this process may be lost in a multitude of other priorities. The voluntary sector leaders are also unquestionably very busy, but they realize that this is probably their only shot at working out a better relationship in a systematic, collaborative way.

As Figure 1 illustrates, the six tables cover the main tasks of the VSI:

- *Joint Accord Table*: responsible for developing a framework agreement between the federal government and the voluntary sector that establishes the principles, mutual undertakings and good practices of a better relationship, and leading an extensive consultation with both the sector and government departments.

- *Capacity Joint Table*: charged with developing specific proposals for research, information sharing, human resources and other skills development.
- *Regulatory Joint Table*: mandated to make recommendations for regulatory reform starting in four priority areas: increasing transparency of the charitable registration process; examining intermediate sanctions for noncompliance with *ITA* regulations by registered charities (the only sanction at present is deregistration); reviewing the appeals process; and exploring options for the institution that registers and regulates charities.
- *National Volunteerism Initiative*: responsible for developing programs that promote volunteer effort and increase the ability of the voluntary sector to provide beneficial experiences for volunteers.
- *Information Management-Information Technology (IM-IT) Table*: given the task of supporting and expanding Internet use and enhancing the interactive tools available to voluntary organizations.
- *Awareness Table*: intended to help raise public awareness about the voluntary sector and its contributions.

In addition to the six Tables, there are a number of working groups that either deal with more specialized tasks or are not joint in nature but allow important issues, including advocacy and funding, to be discussed by the sector or within government.

Each of the Tables functions with considerable autonomy.³¹ The JCC appears to be the kingpin in the organizational chart, with responsibility for general stewardship of the process and for co-ordination of crosscutting activities such as communications and consultation strategies. It is not intended to impose its preferences regarding substantive issues on the individual Tables, however, and it has no clear authority to stop a Table from doing something it has decided to do. In part because the JCC has no overlap of membership with the other Tables, it lacks intimate knowledge of the discussions of the others. The result, although it is still early days, is that the JCC has struggled to define a role for itself and has tended to focus on co-ordination, getting mired in detail, to the detriment of its vital stewardship function.

The position of the Tables in the broader governance structure poses its own set of problems related to leadership and accountability. As shown in Figure 2, the intragovernmental structure reflects a fundamental challenge for collaborative governance – the ability to co-ordinate and provide leadership across departments in a government structure still largely dominated by departmental silos and intradepartmental boutiques. As joint ventures, the Tables themselves cannot be directly accountable to either government or voluntary sector authorities, rather their individual members are accountable to their respective sides. On the government side, the Joint Tables members report to interdepartmental

Table 2
Comparing Cultures:
General Characteristics of the Voluntary Sector
and the Federal Government

Characteristics of the Voluntary Sector and its Leadership Role in the VSI	Characteristics of the Federal Government and its Leadership Role in the VSI
national leadership circle is small, familiar, collegial	leadership circle is familiar and collegial at the very top but much less connected at lower levels
professional	professional
influence based on credibility	influence based on authority
flat, diverse network	large, contained hierarchy
open, broad sharing of information	closed, confidentiality respected, information moves mainly through vertical channels
thin, lack of capacity	well-resourced, strong capacity
multiple cleavages, including service/policy area, organizational size, geography, language, and culture	main cleavages are geography and language
focus on process	procedural rules important
atomized, held together by shared values	atomized, held together by political authority
VSI is central	VSI is peripheral

working groups which report to an ADM Executive Committee and, on the voluntary side, members report to the Senior Voluntary Sector Steering Group comprised of members of the VSR and the voluntary sector co-chairs. The ADM Committee was initially structured to involve officials from 23 departments and agencies but because it was very large and attracted only spotty participation by many of its ADMs, a core group was refashioned as an Executive Committee to provide more hands-on direction and guidance for ministers, with the broader group of ADMs assuming an advisory role only. It remains to be seen whether this Executive Committee can provide effective leadership and co-ordination of the Initiative within the public service. For the government members, the impact of traditional lines of accountability means that, on occasion, they need to stop the Tables process to get approval to

proceed from the ADM committee or from the Ministers. How accountability works for the voluntary sector members is necessarily ill-defined since there is no grand umbrella organization governing the sector to which their Steering Group reports. Thus the accountability of the Steering Group derives from its credibility with the sector, and its influence over Tables members primarily involves moral suasion since there are few sanctions or rewards that can be deployed.

The governance structure also reveals the challenge of providing the political leadership necessary to steer a horizontal initiative in the Chrétien era in which power has become centralized in the PM and PMO and in which the number of the cabinet committees, whose job had been to co-ordinate and make tradeoffs at the political level, has been significantly reduced. An innovation in the form of a "Reference Group" of senior ministers has been set up to signal the importance of the Initiative and to steer decisions through the many departments affected by it. The pilot is proving quite successful and is benefitting from the strong personal interest that Minister Robillard took in the Initiative. The tricky issues will be to ensure that the Reference Group continues to meet with voluntary sector leaders on a regular basis and that their expectation of "delivery time" is realistic because the joint process will take longer to implement the VSI than politicians had at first imagined.

Perhaps the most cumbersome aspect of accountability in the entire VSI process is that the funding instruments which are available to support the participation of voluntary organizations in collaborations of this nature are ill-suited to true partnership. Governments have two instruments through which they can fund third parties to do projects or participate in collaboration: grants and contributions.³² Grants are transfers for which preset eligibility or entitlement requirements have been met and are not subject to being accounted for or audited. Contributions are conditional transfers for a specified project as established by an agreement between a funding department and the recipient, and are subject to reporting, to being accounted for and audited. As laid out in Treasury Board policy and reinforced by departmental requirements, the terms and conditions of contributions require that a proposal describing intended outcomes and "deliverables" be approved, that the work be completed in a fixed period, that periodic reporting on progress be made, and that payments be issued in installments. In reality, almost all funding to voluntary organizations flows as contribution agreements, as does funding for the voluntary sector's Secretariat to the VSI. Even though the idea and role of the Secretariat had been regarded by government from the outset as key components of the Joint Tables process, the host voluntary organization, the Coalition of National Voluntary Organizations (NVO), nevertheless had to go through the standard requirement of submitting a proposal for its creation, complete with identification of outcomes and deliverables.³³ The difficulty in trying to specify these at the beginning of the Joint Table process is that a primary objective of the

process is to define the intended outcomes and deliverables in the first place. Due to the stringency currently employed in reviewing such proposals, it took over six months to get the contribution agreement signed and money flowing to the Secretariat. In the meantime, the work of the Joint Tables and the Secretariat had to proceed, so the host voluntary organization paid for its operation while waiting for the agreed upon federal funds. The rigidity of the contribution agreement as a funding instrument for the Secretariat is as frustrating to government officials as it is to the voluntary sector and both the VSI government funding study and a recently formed small working group in HRDC are examining the possibility of developing a new kind of “investment” or “partnership” instrument. This would be a valuable contribution to making accountability more appropriately elastic, but no less effective, in the emerging forms of collaborative governance.

Many of the components of the VSI, such as funding for research and support for capacity building, will be funded and implemented in a relatively short period of three to five years. The development of an accord, however, represents a change in governmental practices over the long term. Government departments will need to determine whether their practices meet the standards of conduct developed under an accord; practices must be made consistent across departments and monitored; a review mechanism must be established to keep the accord “evergreen” by regularly reviewing, reporting upon and improving practices. The experience of other countries with similar framework agreements points to the necessity of creating a centrally placed administrative unit that has credibility and can bring political clout to bear if necessary to get the attention and compliance of departments. The natural home of such a unit would be in a central agency, probably the PCO where the Voluntary Sector Task Force has been given temporary refuge. However, housing an interdepartmental co-ordinating unit would be an uneasy fit for the PCO in its role as a support for the Prime Minister but there is no obvious alternative. A line department would diminish the unit’s ability to influence others and there are few ready alternative models since similar co-ordinating units, such as Status of Women Canada, have been allowed (indeed, encouraged), to atrophy during the Chrétien years. The dilemma is that horizontal governance cannot run entirely on informal, interdepartmental committees but will require more institutionalized means of bridging, co-ordinating and compelling. Although the federal government has embraced the horizontal nature of governing, it has not yet figured out the structural underpinnings to make it work as a permanent rather than temporary form.

Bridging Cultural Differences

The essence of collaborative governance is trust. For collaboration to work, it is important that the machinery established not simply reproduce the usual ways in which the partners work in their own organizations but that it facilitate the creation of an appropriate climate in which trust can be built and true

partnership can occur. The VSI Joint Table process brings together two very different cultures (Table 2). Although many of the government officials at the Joint Tables are themselves board members of voluntary organizations and active volunteers, they live a different organizational reality within the federal government. The fundamental differences between the partners are threefold. First, government is a hierarchy, while the voluntary sector operates as a flat network. The hierarchy of government provides relatively clear roles and responsibilities and a deference to authority, particularly to the Minister that from the outside may appear reverential at times. Information flows through official, hierarchical channels in an organized fashion and confidentiality is often the norm. Adherence to standard operating procedures tends to take precedence over process. Second, the differences in financial, human and technological resources are enormous. Third, the centrality of the VSI to the work of each partner is quite different. Perhaps it would be unfair to say that the VSI process is peripheral for most of the senior government officials at the Tables but they do have many conflicting demands on their time and less control over it and will experience fewer organizational and personal rewards for making the Joint Table process work. Although the voluntary sector members must also continue to run their organizations during this process, the VSI is a central focus of their work since the opportunity may not come around again.

These differences have several implications. The position and influence of sector members of the Tables is, by virtue of their credibility, partly of their organizations but also personal. They will need to convince the thousands of voluntary organizations that are not at the Tables that the VSI is a good idea, since they have no authority to impose conformity. Most of the voluntary sector Table members are used to being frugal and getting things done on a shoestring and they recognize that most of the sector has even fewer resources than their own organizations so, perceptions of how, and how much, money is spent, matters. So, too, does process, particularly in ensuring a broad diversity of the sector can participate in meaningful ways in discussions about implementing the VSI.

Although the cultural differences across the voluntary and public sectors are significant, they are not necessarily impediments to the process. After all, the Tables members from both sides are professionals in their conduct; they share similar goals (notwithstanding, as noted above, that government has placed some important constraints on what is on the agenda); and they are willing to take chances in realizing these goals. However, sectoral cultures do present four potential problems. The first has to do with differing needs and expectations regarding information sharing and confidentiality. Whereas the government can comfortably contain information until the end of the process because neither MPs nor the public are clamouring to know details immediately, the voluntary sector members are under pressure to keep their boards and other

organizations continually informed so as to maintain their credibility and bring the rest of the sector along with the VSI. They need to get information out and obtain feedback in a timely manner. It thus has to be clear which information can be shared and when. But the process also has to be careful that, by providing public information, positions do not become or appear to be set prematurely so that negotiation displaces more open discussion. It is also likely that public servants will feel compelled to withhold certain information from voluntary sector members if it is part of a response to, or directive from, ministers. The process becomes most sensitive when the recommendations emanating from the Tables move forward for Cabinet approval because the secrecy of this process is normally guarded very carefully. However, the Reference Group of Ministers has already demonstrated considerable flexibility through its willingness to hear a joint presentation from the Accord Table.

A second, related risk derives from the fact that government has enormous capacity and an ingrained tendency to commission its own reports. Although information that can be shared in the Joint Tables process is at times extremely valuable, extensive consultants' contracts and reports risk intimidating the voluntary sector members and creating a sense that they must do the same. A third danger is being overpowered by the communications industry. The VSI will sponsor the biggest consultation that government has ever undertaken with the voluntary sector and there is no question that a good communications plan is vital but there is a risk that communication of the strategy's content will take primacy over the content. The final concern is simply *time* – that Tables members who are all busy people, but particularly the government members who may be sidetracked by other departmental issues, can remain fully engaged as the initial glow of the collaboration wears off.

The biggest challenge for the voluntary sector members of the Tables does not arise from differences in culture with their government counterparts. As professionals representing fairly large organizations for the most part, the two are quite similar. The more significant differences are between the voluntary sector leadership at the Tables and those outside the Toronto/Ottawa circle, particularly those representing small groups and working at the grassroots. In some parts of the country, especially in Quebec and in small centres, how the sector is viewed, the issues it faces, and the relevancy of any relationship with the federal government appear quite different than they may to those at the Tables. For many cash-strapped organizations, it could appear ludicrous to spend so much money on process or on anything other than programming. Given these differences within the sector, the voluntary sector members of the Tables have a different stake in the process than do their government counterparts and, in many respects, they have more at stake. It will be imperative for them to show their very diverse sector how the VSI money is spent and what difference it is likely to make. If they cannot sell the rest of the sector on the value of the VSI and their contributions to it, not only their personal credibility

but their efforts over the past five years to knit together the sector may be at risk. Thus the engagement process cannot be run as a standard government operation in consultation but needs to be sensitive to the unique roles and responsibilities of the voluntary sector Table members.

Conclusion: Governing by Relationship Building

The VSI is an important development in the future of governance, not only because it, at last, recognizes the unique role played by the voluntary sector in service delivery and in nurturing democracy, but because it marks the beginning of a shift from governing by programming to governing by relationship building. Admittedly, the federal government has long known of the importance of relationship building with the private sector, with other countries in international affairs, and with provincial governments where the autonomy of the other players is generally accepted. In most other areas, however, the federal government has tended to think in terms of “constituencies” and “stakeholders” in its programs. The challenge was either to convince them of the value of the program, quell their opposition, or perhaps consult them about program design. But, long-term relationships based on shared expectations and mutual undertakings that are negotiated and codified in a framework agreement are a radical departure from dealing with stakeholders. The primary responsibilities of government in relationship building are to provide an appropriate enabling environment to permit the partners to fulfill its potential, to ensure that government commitments on particular standards of conduct can be met by relevant departments, and to facilitate collaboration, including means for reviewing and improving the relationship. A shift from traditional programming that focusses on hierarchy, accountability, and funding within a single department to relationship building that involves collaboration, co-ordination, responsiveness, and flexible accountability cannot be expected to occur in a flash, as it requires both a change in attitudes and in governing machinery.

The VSI is an enormously positive step toward better relationships and a more constructive environment. It is relationship building on a grand scale – a government-wide and sector-wide basis. Over the next few years, we can expect to see similar framework agreements and extensive relationship building at the departmental level as well. Although the VSI represents a sea change from the first Liberal mandate in how the federal government views the voluntary sector, there is still a certain reluctance to take some of the critical steps that would demonstrate full acceptance of the autonomy of the sector. The unwillingness to participate in joint reviews of policies concerning advocacy, funding regimes, and modernization of the sector’s access to the tax system is a holdover from previous attitudes which regarded voluntary organizations merely as stakeholders in government programs.

As the first big experiment in relationship building, the VSI offers several lessons for collaborative governance in general. The emerging forms of col-

laborative, horizontal governance and relationship building require both mechanisms for working jointly with partners and machinery for co-ordinating horizontally within government. The strength of the VSI is in the Joint Tables process that creates the closest thing to true partnership that the voluntary sector has experienced with the federal government. Its weakness is the difficulty of creating and maintaining effective means of co-ordination across departments. This remains an unresolved problem in other policy areas as well. Not only are the co-ordinating structures not well developed but there are few incentives and rewards for public servants to give priority to the management of, and participation in, horizontal issues. Relationship building with the sector, particularly through the development of a framework agreement that binds both sides (at least morally), to certain standards of good practice reveals the need to rethink and retool the central agency machinery in order to create an administrative unit that can appropriately co-ordinate departments, monitor, and report on adherence to the responsibilities assumed. The VSI also shows that collaborative governance requires more elastic accountability, new funding instruments, and fewer restrictions on confidentiality – a hard sell at the very time that accountability has become more subject to routine and rigid in the wake of the HRDC scandal (in which department officials were accused of mismanagement of millions of dollars of program funds).

Finally, the VSI is a good reminder that a relationship involves other players who, while interdependent, are also autonomous and come with differing cultures, resources and political imperatives. In this case, the task of engaging and bringing along the enormous diversity of the voluntary sector in the VSI is perhaps the key challenge to making the Initiative work. It will require some of the most innovative thinking of all.

FOOTNOTES

1. Given that funding had already been committed, it is not surprising that the VSI did not appear in either document. It could be seen as a sign of the maturing nature of the federal government's relationship with the voluntary sector that in a number of places in which the Speech from the Throne talks about government working with its partners, the voluntary sector is explicitly mentioned alongside the private sector.
2. Although the number of individuals volunteering has increased in the last decade, the number of volunteer hours has decreased. See Canadian Centre for Philanthropy, Kahanoff Non-Profit Sector Research Initiative, Volunteer Canada, Canadian Heritage, Health Canada, Human Resources Development Canada and Statistics Canada, *Caring Canadians, Involved Canadians: Highlights from the 1997 National Survey on Giving, Volunteering and Participating* (Ottawa: Ministry of Industry, 1998), at 27.
3. The term, "voluntary," is used throughout this chapter because it is the only one of several terms – nonprofit, nongovernmental and third sector – that does not describe the sector as a residual of (that is, as not being) something else. The term, voluntary, does not imply that every organization in the sector uses volunteers in its program delivery, but all do so in their governance. For a discussion of the terms used to describe the sector, see [Broadbent] Panel on Accountability and Governance in the Voluntary Sector, *Building on Strength: Improving*

- Governance and Accountability in Canada's Voluntary Sector* (Ottawa: Voluntary Sector Roundtable, 1999), at 13. For a discussion of the nature of the sector in Canada, see Michael Hall and Keith G. Banting, "The Nonprofit Sector in Canada: An Introduction", in Keith G. Banting, ed, *The Nonprofit Sector in Canada: Roles and Relationships* (Montreal and Kingston: McGill-Queen's University Press, 2000), at 4–17.
4. Voluntary Sector Task Force, Privy Council Office, *Partnering with the Voluntary Sector for the Benefit of Canadians*. Presentation to the meeting of the Joint Tables, November 23, 2000.
 5. D.W. Sharpe, *A Portrait of Canada's Charities* (Toronto: Canadian Centre for Philanthropy, 1994), at 16.
 6. For a discussion of the Ekos study, see Frank L. Graves, "Rethinking Government As If People Mattered: From 'Reaganomics' to 'Humanomics,'" in Leslie A. Pal, eds., *How Ottawa Spends 1999–2000: Shape Shifting: Canadian Governance Toward the 21st Century* (Toronto: Oxford University Press, 1999), at 37–73.
 7. Government of Canada/Voluntary Sector, *Working Together: Report of the Joint Tables*. (Ottawa: Privy Council Office and Voluntary Sector Roundtable, 1999), at 19.
 8. Jane Jenson and Susan D. Phillips, "Regime Shift: New Citizenship Practices in Canada", *International Journal of Canadian Studies*, 14, Fall, at 115, 115–18.
 9. Leslie A. Pal, *Interests of State: The Politics of Language, Multiculturalism and Feminism* (Montreal and Kingston: McGill-Queen's University Press, 1993), at 75–6.
 10. For a discussion of this history, see Law Reform Commission of Ontario, *Report on the Law of Charities*, (Toronto: Law Reform Commission, 1996), at 249–85.
 11. See Susan D. Phillips, "How Ottawa Blends: Shifting Government Relations with Interest Groups" in Frances Abele, ed, *How Ottawa Spends 1991–92: The Politics of Fragmentation* (Ottawa: Carleton University Press, 1991), at 183–227.
 12. *Supra*, footnote 10, ch. 5.
 13. *Supra*, footnote 11, at 191.
 14. Probably the most strained relationships during the Mulroney years were with the women's movement; see Sylvia Bashevkin, "Losing Common Ground: Feminists, Conservatives and Public Policy in Canada during the Mulroney Years", *Canadian Journal of Political Science*, XXIX, 2, 1996, at 211–42.
 15. Patrick Johnston, "Strengthening Voluntary Sector/Government Relations in Canada", paper presented to the Independent Sector 2000 Annual Conference Pre-Session, Washington DC, October 2000.
 16. Of those recommendations directed at the federal government, the highest priority was assigned to: capacity building: developing mechanisms to build a stronger relationship; reviewing the policy that determines which organizations can be officially registered as charities; and creating a new institution to replace the CCRA as the primary regulator of charities.
 17. *Supra*, footnote 15, at 9.
 18. For a discussion of international experience, see Susan D. Phillips, "Voluntary Sector-Government Relationships in Transition: Learning from International Experience for the Canadian Context", in Kathy Brock and Keith G. Banting, eds, *The Nonprofit Sector in Canada* (Montreal and Kingston: McGill-Queen's University Press, forthcoming).

19. The 1999 process of cabinet approval was unique in one respect. It is common practice that a brief providing "Advice to Cabinet", written by federal officials, be attached to a Memo to Cabinet (MC), and this was the case with the recommendations of the Joint Tables. What is unusual is that voluntary sector members were granted the opportunity to provide a parallel brief offering their own advice and, although it was not officially attached to the MC, it was circulated simultaneously. During this process, federal officials told their voluntary sector counterparts that the Cabinet discussion had been positive and that the recommendations approved by Cabinet were based on the proposals that had been jointly prepared by the Tables but were unable to provide any further detail. See Johnston, *supra*, footnote 15.
20. See Johnston, *supra*, footnote 15. The initiative probably was not mentioned in the 2000 Budget because the focus was on tax cuts and the Finance Minister wanted to downplay the spending aspects of the Budget. Also, in the aftermath of the HRDC scandal, there was little interest in being seen to give out money to third parties that have considerable discretion to make decisions.
21. The statement of purpose does not say if the intent is to increase public confidence in the sector, in government, or both. Voluntary Sector Task Force, Privy Council Office, *Partnering for the Benefit of Canadians: Government of Canada - Voluntary Sector Initiative* (Ottawa: June 9, 2000), at 1.
22. In developing the criteria, the federal government consulted with the voluntary sector and, while the criteria may have seemed appropriate at the time, more problems than anticipated arose in the implementation phase.
23. *Supra*, footnote 7, at 50.
24. See Richard Bridge, *The Law of Advocacy by Charitable Organization: The Case for Change* (Vancouver: Institute for Media, Policy and Civil Society, 2000).
25. In the case of *Vancouver Society of Immigrant and Visible Minority Women v. MNR* (1999), 169 DLR, the Supreme Court denied registration to an association whose aim is to help immigrant and visible minority women integrate into society through the provision of vocational counselling and job skills training and by engaging in incidental advocacy activities. The decision was based on the reasoning that providing educational and training assistance to immigrants could not be viewed as "other purposes beneficial to community" because not all immigrants, particularly those who came in as skilled independents under the point system, are in need of such assistance. By its decision, the Court not only showed its narrow view of the common law, but it demonstrated that it has no intention of taking the lead role in reforming the law. It also openly invited Parliament to undertake such reform. See Wolfe D. Goodman, "A Personal View of the *Vancouver Society* Decision", (2000), 15 *Philanthrop.* No. 2, pp. 20–22; David Stevens, "*Vancouver Society of Immigrant and Visible Minority Women v. M.N.R.*" (2000), 15 *Philanthrop.* No. 2, pp. 4–13; and Kernaghan Webb, *Cinderella's Slippers? The Role of Charitable Tax Status in Financing Canadian Interest Groups* (Vancouver: SFU-UBC Centre for the Study of Government and Business, 2000), at 70–5.
26. For some politicians and senior bureaucrats, the main concern is whether public money should be spent on advocacy activities, by allowing organizations that engage in extensive advocacy to be able to register as charities and issue tax receipts and by allowing registered organizations to spend publicly donated (tax receipted) money on advocacy. They are unlikely to move on the issue until they are convinced that there is a consensus within the

voluntary sector and among the Canadian public, or until the implications of *Vancouver Society* become politically embarrassing.

27. A core set of “public benefit” purposes has been outlined in detail by tax experts Drache and Boyle which would make Canada’s approach to charitable registration roughly equivalent to that of the USA or UK. See Arthur B.C. Drache with Frances K. Boyle, *Charities, Public Benefit and the Canadian Income Tax System: A Proposal for Reform*. (Toronto: Kahanoff Non-Profit Sector Research Initiative, 1998). Although voluntary organizations already registered as charities might be expected to oppose further expansion because it would increase competition for fundraising, the Broadbent Panel observed, based on its extensive consultations with the sector, that there is strong support for extending the policy governing charitable registration.
28. Drache lays out clearly the problems associated with the CCRA as the regulatory agency. Within the CCRA there is a clash of the predominant culture (which is to collect taxes and enforce compliance) and that of the Charities Directorate which creates tax expenditures and provides advice to charities to encourage compliance. Yet, advice about good governance and compliance, not mere enforcement, is exactly what most small organizations need. For most ambitious public servants, the Charities Directorate is only a temporary stopping off place in career advancement and thus there is a lack of training, knowledge, and institutional memory about the voluntary sector within the regulatory agency. This lack of training and stretched resources means that the average waiting time for an organization applying for charitable status to receive notice of the Directorate’s decision is seven to 15 months. Arthur B.C. Drache with W. Laird Hunter. *A Canadian Charity Tribunal: A Proposal for Implementation*. (Toronto: Kahanoff Non-Profit Sector Research Initiative, 2000); see also Panel on Accountability and Governance, *Building on Strength*, 56–7.
29. *Ibid.* [Editor’s note: See also Drache and Hunter (2000), 15 *Philanthrop*. No. 4, and (2001), 16 *Philanthrop*. No. 1, pp. 4–27.]
30. The selection process reflects the level of interest in this Initiative within the voluntary sector. To ensure broad representation and diversity, the VSR established an independent selection committee which received self-nominations for membership in the Tables. Almost 1500 nominations were received for 65 positions. Government members of the Tables were selected by a steering committee of ADMs.
31. The responsibility for resources to support the work of each Table rests with a government department, primarily with HRDC, Heritage, or the CCRA. How each Table is supported by government and the authority of the Tables to contract varies considerably, depending on how the relevant department developed the Treasury Board submission for its component of the funding.
32. A third instrument is the contract but because it is used in more limited (clearly defined) circumstances to deliver an identified service or project to government, it is not discussed in this context. It poses many of the same problems as a contribution agreement.
33. The voluntary sector’s Secretariat was set up by, and reports to, the VSR and is housed with NVO.