

# Judging the VSI: Reflections on the Relationship Between the Federal Government and the Voluntary Sector

KATHY L. BROCK

*Associate Professor, School of Policy Studies and Political Science  
Department, Queen's University, Kingston, Ontario*

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## Introduction<sup>1</sup>

In June 2000, the federal government announced the Voluntary Sector Initiative (VSI), a joint endeavour undertaken with representatives from the voluntary sector that was intended to investigate and strengthen the relationship between government and the voluntary sector. With the experience of the United Kingdom as a backdrop,<sup>2</sup> representatives from the Canadian government and the voluntary sector were optimistic that together they could develop a new framework for the inclusion of voluntary sector organizations in government policy and revamp the regulatory framework to enable voluntary organizations to function more effectively. Ultimately, the goal was to serve Canadians better at a time when these organizations were increasingly assuming functions that had been performed by government departments and agencies.

Five years later, the question is: did the VSI achieve its objectives? Two goals were particularly important to the work of the VSI in redefining the relationship between the two sectors. First, representatives of the government and the voluntary sector identified as a key focus the development of a framework agreement or Accord to guide their future relationship. Second, the two sectors pledged to streamline the regulatory framework governing the voluntary sector. A third consideration is also important: what is the current form of the relationship between the two sectors? By examining these three areas, this article assesses the success of the VSI in transforming the relationship between the two sectors.

An evaluation of the success of the VSI can be understood within the context of what Alan Cairns has termed the “embedded state” in Canada. Cairns’ argument, first articulated in the early 1980s in the broader context of the debate over the autonomy of the democratic state,<sup>3</sup> focussed on the degree to which the state in Canada has become highly fragmented and “embedded” in what he argued was an equally fragmented society.<sup>4</sup> In this view of state-society relations, the state has different “nodes” connected to different fragments of society, with the development of an increasingly symbiotic relation between state and civil society in Canada. Cairns maintains that civil society is “caught in webs of interdependence” with the state and begins to define itself according to government policies and programs that promise specific benefits to particular

groups of citizens. For its part, the state becomes increasingly “embedded” or “tied down by its multiple linkages with society.”<sup>5</sup> The state loses its ability to set new directions or break past ties, except on an incremental level. In the end, the bonds that tie the state down tend to be created in circular fashion by the patterns of politics created by the state’s own past policies, including its efforts to manage civil society. This article argues that these linkages are evident in the attempt to redefine the relationship between the federal government and the voluntary sector. The success of the VSI is largely a function of the degree to which the Canadian state has successfully entrenched civil society linkages into its operations and in turn is entrenching its own embeddedness in civil society.

### **Redefining a Relationship**

The federal government’s Voluntary Sector Initiative (VSI) grew out of reports by two bodies. The Panel on Accountability and Governance in the Voluntary Sector was an initiative undertaken by the voluntary sector; its report, *Building on Strength: Improving Governance and Accountability in Canada’s Voluntary Sector*, outlined the need for the sector to improve its operations and to strengthen relations with both business and government.<sup>6</sup> *Working Together: Report of the Joint Tables* resulted from a joint undertaking by the federal government and selected leaders from the voluntary sector; it recommended a number of joint tables to frame the negotiations between the two sectors, coordinated by a Joint Coordinating Committee (JCC).<sup>7</sup> In response to these reports, the federal government announced the creation of the VSI in June 2000 and allocated an expenditure of \$94.6 million over five years to the work of the seven joint tables. These seven joint tables were: Coordinating Committee, Accord, Awareness, Capacity, Information Management and Technology, Regulatory, and National Volunteerism Initiative. In addition, two working groups on funding and advocacy were created and funded by the voluntary sector.

The VSI was intended to affect the entire voluntary sector and every department of government, a formidable undertaking in policy terms. To negotiate the terms of the agreement, the voluntary sector was led by a steering group of senior representatives from national organizations.<sup>8</sup> The federal side was coordinated by a Voluntary Sector Task Force (VSTF), located within the Privy Council Office. While the VSTF had its own budget, most of the \$94.6 million flowed through the other departments that provided support to the joint tables.

The government bodies overseeing the VSI reinforced these dual lines of horizontal control and centralized management.<sup>9</sup> A Reference Group of eight ministers headed by the President of the Treasury Board provided leadership at the political level while a corresponding group of assistant deputy ministers provided direction at the bureaucratic level. Government membership on the joint tables was drawn from the senior levels of over 15 government depart-

ments and agencies.<sup>10</sup> Each department's member on the ADM committee was expected to be the "champion" of the initiative within the department and engage in promoting and explaining the VSI to their colleagues. Thus, the government side had representation from two central agencies but extended broadly into line departments.

While the negotiating tables were balanced in leadership, there is little doubt that the government side sought to set the parameters of timing. In particular, the Joint Accord Table immediately came under tremendous pressure to achieve an agreement that could be announced before the International Year of Volunteers (IYV) in 2001 came to an end.<sup>11</sup> This pressure produced considerable tension.<sup>12</sup> In order to avoid the time-consuming process of trying to draft an accord *de novo*, the Joint Accord Table decided to start with a draft that borrowed from the "compacts" that had already been negotiated in England and Scotland, and concentrated on reworking those drafts. The resulting "wordsmithing" caused some consternation among Joint Accord Table members;<sup>13</sup> however, it did mean that a draft *Accord* was ready for the public consultation phase by May 2001.

Public consultations were held in June and September 2001. They were conducted in more than 20 communities across Canada and involved approximately 2,000 organizations.<sup>14</sup> Although the *Accord* was subsequently revised after the public input phase, the final version did not deviate significantly from the consultation draft.<sup>15</sup> The final version was signed on December 5, 2001, to coincide with the close of the International Year of Volunteers. After the *Accord* was announced, the members of the Joint Accord Table worked on the two implementation documents, a *Code of Good Practice on Policy Dialogue* and a *Code of Good Practice on Funding*, intended to provide concrete direction for enhancing the participation of organizations in policy development and improving funding practices of the sector.

These codes were released in October 2002 at the official announcement of the new structures of the VSI. Although the Joint Accord Table had prepared drafts of the codes by March 2002, the release was delayed while senior officials in the central agencies of the federal government reworked them and found wording that was more anodyne to counter the worry within government that the initial drafts "gave away too much democratic control and potentially guaranteed a role for the sector in all policy development."<sup>16</sup>

What was achieved in these documents? The *Accord* is little more than a statement of general principles to guide the future relationship between the federal government and the voluntary sector; the codes provide specific direction to the two sectors in the areas of policy development and funding. However, the *Accord* does hold both sides to "commitments to action." Both sectors formally committed themselves to act in accordance with the values and principles in the *Accord*; to develop the necessary implementation mecha-

nisms; to work together on shared goals and objectives; and to promote awareness and understanding of the other sector, including the internal constraints impeding “jointness” in policy development and delivery. For its part, the federal government committed itself to examine its legislative and regulatory framework, including funding arrangements, as they affect the sector; to engage the sector in policy development and design of service delivery; and to consider ministerial responsibility for the development of the relationship with the sector. The voluntary sector committed itself to identify emerging issues and trends and either address them or bring them to the government’s attention; to give voice to the diverse views of the sector; and to consider leadership responsibility for the development of the relationship.<sup>17</sup>

The statements of principle were purposely thin on content; the two codes of good practice were intended to be operational documents that would fill in the details. For example, the *Code of Good Practice on Policy Dialogue (Policy Code)* is intended to fulfil the *Accord*’s commitment to implement its provisions by establishing an ongoing dialogue between the sectors in the development and design of policies and programs. To facilitate this, the *Policy Code* is quite explicit about the obligations of both sides: “Both sectors will provide feedback to their respective constituencies on the full range of views expressed and clearly communicate how this input has been considered in the public policy process.” In addition, the voluntary sector is expected to provide feedback to government on policies and processes with an eye to improving performance.<sup>18</sup>

The *Accord* also seeks to legitimize policy advocacy by third sector organizations, suggesting that organizations can engage in the policy process through issue identification, agenda setting, policy design, policy implementation, monitoring, and impact assessment. More specifically, the *Policy Code* directs the government to facilitate this dialogue by developing “a voluntary sector lens” in departments, developing and promoting engagement mechanisms, providing data and information, and including the sector in policy design and discussions of rationales. In turn, the voluntary sector is directed to “strengthen policy capacity and knowledge of government procedures,” encourage “diverse participation,” build consensus on policy, maintain policy contacts, and mediate organization responses on policy.

The *Policy Code* specifies that the dialogue on policies should be guided by a number of principles. It begins with the assertion that the voluntary sector “plays an important role in helping the federal government identify issues and achieve its public policy objectives” because it is able to bring “a special perspective and considerable value to its activities.” In addition to this formalized recognition of the sector’s value, the *Policy Code* directs both sectors to engage in mutual respect (“Both sections will listen to and consider the views of all participants and respect their legitimacy and input”) and to embrace inclusiveness (“Both sectors will involve the broadest possible range of groups

or individuals who may be affected by a policy *or who can make a meaningful contribution to the debate*” [emphasis added]), accessibility, clarity, transparency, responsibility and good faith, and accountability (“Both sectors will provide feedback to their respective constituencies on the full range of views expressed, and clearly communicate how this input has been considered in the public policy process”). While it was acknowledged that “many departments and agencies and voluntary sector organizations are already using many of the practices outlined in the Code,” it was clear that the *Policy Code* was intended to reinforce those existing practices and to encourage other departments to share a commitment to these principles.<sup>19</sup>

Similarly, the *Code of Good Practice on Funding (Funding Code)* was intended to entrench the capacity of voluntary organizations to raise money, not only through direct funding but also through indirect mechanisms such as taxation measures.<sup>20</sup> More specifically, the document pledged both sides to such values as cooperation and collaboration, innovation, diversity and equitable access, accountability, transparency and consistency, and efficiency and effectiveness, with each of these described at some length in relation to each sector’s responsibilities.<sup>21</sup> The *Funding Code* commits the voluntary sector to sound financial, board, ethical, administrative, and monitoring practices; it commits the federal government to flexible application and accountability standards subject to effective protection of public money, consideration of alternative monitoring mechanisms, agreement on measurable results and clear roles, and respect for diversity in imposing accountability requirements. The *Funding Code* also guarantees funding to the voluntary sector for a range of activities, including research, capital expenditures, innovation, “policy dialogue,” and advocacy.<sup>22</sup>

In contrast to the activity of the Joint Accord Table, the work of the Joint Regulatory Table (JRT) was neither as expeditious nor as effective, despite some important achievements. The regulatory reach of the federal government over the voluntary sector is quite broad, extending beyond the designation and supervision of charities through taxation measures to include regulation of access to policy formulation, of corporate status, of funding mechanisms, of tax expenditure funding mechanisms, of lobbying activities, and of election participation.<sup>23</sup> Despite the reach of federal regulatory activity, the JRT focussed on a narrower band of activities around the taxation measures of the federal government. By March 2001, when other tables were engaging on discussions of key issues within their mandate, the JRT had reached no conclusions on the issues it would address,<sup>24</sup> and the public newsletter of the VSI could only announce that the JRT would be co-chaired by a representative from a voluntary sector foundation and a representative from the Canada Customs and Revenue Agency (then CCRA and now CRA) and would “examine regulations affecting charities in Canada.”<sup>25</sup> The important issue of the liability of directors of boards of organizations was hived off to a subgroup

involving a government co-chair from Industry Canada. As became widely known, a key division on the JRT developed over whether or not the mandate should include funding and advocacy matters, two subjects that were “off the table” for government representatives and critical for voluntary sector leaders. And while some general questions of policy or funding were addressed by separate working groups created by both sides and in the two codes of good practice, the reach of these reforms was limited. These issues continued to trouble the JRT, to the point where its work ground to a halt at two critical points and the Joint Coordinating Committee and officials from the senior levels of both government and the sector had to intervene. In the fall of 2002, when the VSI morphed into a new structure, the JRT was launching public consultations on the regulations affecting charities. There appeared to be some division among JRT members on whether and to what extent the consultations should include recommendations on new institutional structures for the regulation of charities. After consultations in 21 cities across the country and further deliberations, the JRT released its report in May 2003.<sup>26</sup>

What was achieved? Immediate responses to the JRT report included a simplified tax form for charities; a streamlined registration process for obtaining charitable status; more transparent and accessible policies on charities through Web postings by the Canada Revenue Agency; and new policy guidelines on permissible business activities of charities.<sup>27</sup> Significantly, CRA also announced a Charities Advisory Committee to provide information and advice to CRA on regulatory reform and other issues. Members of the Charities Advisory Committee were selected in a public application process. All of these measures strengthened the relationship between the two sectors by easing the reporting requirements on charities, providing easier access to essential government information and policies, and creating a conduit for advice from the sector to government. The channels of communication were widened.

The most significant reforms were announced in the 2004 federal government budget. The federal government pledged \$12 million per year to improve the way charities are regulated and to enact almost all of the JRT’s recommendations with the exception of three dealing with appeals on decisions about charitable status. Most significantly for the sector, appeals would continue to be heard by the Federal Court rather than through the friendlier and less costly Tax Court.<sup>28</sup> The charities regulatory reform addresses five important areas:

- service improvements to help charities register and report;
- more transparent and accessible information about registered charities and CRA policies, decisions, and regulatory requirements;
- a new compliance regime for charities;
- a more accessible appeals regime; and,
- jurisdictional collaboration among federal and provincial/territorial governments.<sup>29</sup>

Further promises included enactment of a *Not-for-Profit Corporations Act* and continuing discussions on legislative reform, legal and regulatory impediments to effective policy advocacy work, more flexible and responsive funding mechanisms, creation of a Charities Bank, and liability issues.<sup>30</sup> And so difficult discussions continue, with some progress being made along the way.

### **Evaluating the Relationship: Successful Change or Smoke and Mirrors?**

At the end of the day, did the VSI accomplish its goal of strengthening the relationship between the federal government and the voluntary sector, thus enabling the two sectors to serve Canadian better in future? While it is still early days and caution against absolute judgments must be advised, the legacy of the VSI seems to fit Alan Cairns' analysis of the embedded state discussed in the introduction to this article. In particular, the VSI succeeded most effectively where it reinforced pre-existing patterns and ties, and was less successful where it challenged those relations or required either side to engage in novel or unfamiliar ways.

In the concept of the embedded state, past actions and relationships determine current patterns. Certainly this was evident in the case of the *Accord* and codes of good practice. To a great extent, the Canadian agreements were achieved because they mirrored past relations between the voluntary sector and government. The language of the *Accord* and the codes, outlined above, acknowledges this pattern of continuity by suggesting that the two sides promote awareness and understanding of each other and of internal constraints that impede "jointness," by talking about "building" on past practices, and by acknowledging that many departments and agencies are using the practices endorsed by the *Accord* and policy codes. The documents codified existing practices with the hopes of extending them to other departments. Thus, the documents were achievable in large part because they were not challenging or threatening to past commitments.

The process of achieving the agreements between the two sectors reinforces this impression. First, the documents fit with developing trends in both sectors. On its side, the government had presaged a willingness to strengthen its commitment to and support for the voluntary sector in its electoral platform in 1997. This was a logical corollary to its policy of cutting government expenditures and services and relying on delivery mechanisms external to government.<sup>31</sup> For their part, the voluntary sector leaders were interested in change, given the critical media coverage and public reports on governance in the sector.<sup>32</sup> The two agendas dovetailed in their agreements to build capacity in the sector and improve relations for the delivery of services and programs.

Second, the writing of the document is indicative of the extent to which the practices embraced were consonant with federal government and voluntary sector practices and objectives. As Phillips records, while both sides lacked a

good understanding of what to expect from a compact between the sectors, the delay in the commencement of the work of the Joint Accord Table gave the federal officials in the central office time to study the British compacts and similar Canadian documents, engage consultants to advise on a document, plan a communication strategy, draft a prototype, and brief Cabinet ministers.<sup>33</sup> The staff involved in this work provided support and advice to the Joint Accord Table on its draft of an accord. This preparatory work by the central machinery of government shaped the Joint Accord Table's focus in a way that was consistent with government practices and objectives. Phillips observes that the final draft of the *Accord* did not vary significantly from the first draft. In fact, one of the points of contention in the hearings was that the public consultations amounted to "wordsmithing" rather than substantive critiques of the document.<sup>34</sup> The documents reinforced rather than challenged government practice.

When compared with the compacts signed by the New Labour government of Tony Blair in the United Kingdom in November 1998,<sup>35</sup> the limitations of the Canadian *Accord* are more evident than a simple read of the Canadian document would yield. By comparison, the Canadian is much weaker and more general in its tone and commitments. Why is it weaker? There are three reasons, all of which confirm Cairns' notion of the power of the embedded state. Two can be gleaned from Susan Phillips' comparison of the accords in the two countries. First, the Canadian *Accord* "achieved what was politically viable" given the oversight roles of the federal Privy Council Office and Department of Finance rather than what was desirable to sector leaders, and the temperate nature of the initial draft meant that these limits were not pressed in Canada.<sup>36</sup> Second, there was no Canadian counterpart to the peak associations in the British case that could present a strong unified voice to the federal government or ensure that organizations complied with a national agreement. And the Canadian government lacked administrative machinery to promote an accord or to ensure compliance within its ranks, let alone across jurisdictions.<sup>37</sup> Third, the federal nature of the Canadian political system, with primary responsibility for the voluntary sector falling to the provinces, meant that the Canadian *Accord* and codes would be limited to subjects and a tone with which the federal government felt most comfortable. While the provinces and territories were informed of the proceedings on the VSI, they did not actively engage in them and federal officials were respectful of the jurisdictional limits.<sup>38</sup> In sum, the political and institutional structures and relations embedded in the Canadian system shaped what was achievable.

These effects were perhaps even more tangible in the case of regulatory reform. As mentioned above, the mood at the Joint Regulatory Table was not one of cooperation and collegiality as at the Joint Accord Table. Instead, negotiations were rocky, halting and, at times, explosive. Why the difference? Although personalities offer one explanation, it is a partial one. A more complete answer lies in the challenge facing the table. Unlike the Joint Accord Table where much

preparatory work could be done, where officials were debating a change that formalized procedures that were familiar to both sides, and where discussions were at the comforting level of generalities and principles, the Joint Regulatory Table was debating change to existing practices, challenging existing structures and relations, and dealing in specifics. The level of acrimony at this Table speaks to the difficulty that Alan Cairns predicted would occur when attempting large-scale changes to the operation of the Canadian state.

The changes that were achieved also reflect the institutional constraints. First, the scope of changes that were secured most readily was fairly modest, albeit important: a simplified tax form, streamlined registration process, more accessible policies, and policy guidelines on business activities. All of these changes merely improved on pre-existing processes and the relationship between the voluntary sector and federal government. Second, even the five changes announced in the 2004 federal budget are improvements on the relations and existing procedures rather than radical departures from the past. While these changes will no doubt assist charities in improving their operations, they fall short of key institutional reforms initially sought by the sector. So, for example, rather than a new charities directorate desired by leading proponents for the sector,<sup>39</sup> CRA implemented a Charities Advisory Committee. In a similar vein, the budget reforms include a “more accessible appeals regime” for charitable status but continues appeals through the Federal Court – a significant shortfall from hearing appeals through the less costly Tax Court or through a new structure comprising sector and government officials. Third, the changes requiring more significant modifications to existing structures, such as the *Not-for-Profit Corporations Act*, legislative reforms, funding mechanisms, a Charities Bank, and so on, remain under discussion. Fourth, as mentioned above, despite the extent of the regulatory regime governing charities and citizen organizations identified by Pross and Webb, the scope of reforms was largely limited to those areas related to the taxation regime. Finally, as in the case of the *Accord*, the regulatory changes only apply within the federal sphere of power and not to the broader provincial and territorial jurisdiction over nonprofit organizations. As Cairns predicted, it is change but change at the margins in the first instance and by increments.

The two most contentious issues at the Joint Tables were funding and advocacy. As mentioned above, these two issues were not jointly addressed but relegated to working groups operated by each sector. In the end, both issues were addressed in the codes of good practice but in a general way and in a manner that was friendly to government. So, for example, the *Policy Code* recognizes advocacy as organizations working with government units to improve the policy process through issue identification, agenda setting, policy design, policy implementation, monitoring, and impact assessment. The state has drawn organizations into its networks and increased the ties between its units and organizations. The embedding process of multiplying ties continues.

Advocacy as a more confrontational, public activity is forgotten, to the peril of more marginalized voices and to the detriment of good policy perhaps.<sup>40</sup> Similarly, the *Funding Code* improves on and regularizes procedures but does not challenge the accountability regime. And while charities are aware of the need for accountability in the expenditure of public funds, they are also cognizant of the stifling impact of applying a set of guidelines and principles that have been developed out of the private sector and adopted within the public sector.

Alan Cairns' concept of the embedded state is not grounded upon the idea of stagnation or stasis. As explained at the beginning of this article, he recognizes that change is possible whether through exceptional displays of unilateral action that run roughshod over practices, as happened with the implementation of the Canadian Charter of Rights and Freedoms or the Free Trade Agreement, or through the inexorable process of incremental changes. Change might occur in the Canadian state, but it is akin to turning around an oil tanker – it occurs by degrees and slowly but once started is unlikely to stop without drastic action. And here may lie the secret to the longer term success of the VSI.

First, the VSI resulted in changes that seem small but will precipitate larger changes in the long run as they begin to affect the system of government operations and voluntary sector relations. For example, the *Accord* and codes set down guidelines and principles that will guide future interaction. The two annual reports on implementation of the documents have been disappointing in terms of triggering significant and sudden changes. After the first year, only six government departments and agencies of the 47 that responded to the annual survey were vigorously implementing the *Accord* and codes. Further, while the majority of the 110 surveyed voluntary sector organizations reported good relations with government, a majority reported that their relations hadn't changed over the first year of implantation.<sup>41</sup> However, longer term signs of gradual change were evident. For example:

- Letters of mandate for deputy ministers include implementation of the *Accord* and codes.
- Most departments and agencies have appointed a “champion” responsible for implementation.
- In the first year, most departments had implemented awareness strategies.
- By the end of the second year, more than half of departments had a “medium” awareness of the documents.<sup>42</sup>
- By the end of the second year, there was an increasing number of government department and agencies and voluntary sector organizations that were requesting the educational packages on the *Accord* and codes.<sup>43</sup>

The process of embedding had begun in earnest: as government departments and agencies and voluntary sector organizations become aware of the *Accord* and the codes and begin to slowly put them into effect in their daily operations,

the process of change spreads to other units of the two sectors. As well, the new generation of policy makers in government and leaders in the sector are educated in these guiding principles and accept them as the norm for relations between the two sectors. Similarly, the Charities Advisory Committee to CRA and the new regulatory changes begin a subtle shift in government and voluntary sector relations on a daily basis that will have a much more significant cumulative effect in the end. Slowly but inexorably, the work of the VSI proceeds.

Second, the work of the VSI has caused a slight but significant transformation in both the federal government and the voluntary sector. In the government, responsibility for overseeing the ongoing work of the VSI and implementing the *Accord* and codes has been housed in a new department, Social Development Canada. This change signifies a new awareness of the voluntary sector as a sector deserving of its own dedicated officials. The publication of the National Survey on Nonprofit and Voluntary Organizations and the Satellite Account of Nonprofit Institutions and Volunteering in the fall of 2004 entrenches the idea of a sector that is identifiable and distinct from the public and private sectors. A psychological shift has occurred with the recognition that not only does the sector exist, but the federal government has certain responsibilities towards it. Against this new backdrop, future policy changes will occur. And although departments may change, awareness of the sector will not.

Just as Cairns explained that changes in institutional arrangements in the state precipitate changes in society, the existence and operation of the VSI changed the operation and identification of societal organizations. During the VSI, the voluntary sector came of age: leaders across the nation increasingly began to think of their organizations as part of a whole. During this period, regional and umbrella organizations in the provinces began to arise, with the federation of voluntary and nonprofit organizations created by leaders to bridge jurisdictional boundaries in Canada. It was also during this period that two of the most prominent national nonprofit organizations, the Canadian Centre for Philanthropy (CCP) and the Coalition of Nonprofit and Voluntary Organizations (NVO) merged to present the sector with a stronger and more unified voice, but one that respects diversity within the sector. In short, the sector has an identity, a stronger voice, and is a more formidable ally and antagonist to government. There is no going back. The state loses a bit more of its autonomy as it must now listen to a sector that it played a large part in identifying and mobilizing.

## **Conclusion**

The embedded nature of the Canadian state ensured both the moderate success of the VSI but also the slowness of substantive progress on reforming the relations between the federal government and the voluntary sector. The multiple ties between the state and the societal organizations mean that reforms that

were consonant with the general tenor of state-society relations were within the realm of possible action within the time frame envisioned by the VSI. However, the embeddedness of past practices means that specific relationships will be slow to change. And where government is more autonomous from the sector or where past practices are seriously challenged, as in the case of CRA and regulatory reform, implementation is likely to be least successful and least readily obtained. The state is slow to move except at the margins. However, once the process of change has begun, it is inexorable, although not always predictable in its final form.

#### NOTES

1. The author wishes to acknowledge the generous support of the Social Sciences and Humanities Research Council of Canada for this line of research. I am grateful to Kim Richard Nossal for his extensive comments and improvements on a related version of this paper.
2. See <<http://www.thecompact.org.uk/>>.
3. Eric Nordlinger, *On the Autonomy of the Democratic State* (Cambridge: Harvard University Press, 1981); Eric Nordlinger, "The Return to the State: Critiques," *American Political Science Review* 82 (Sept. 1988), 875–901; Theda Skocpol, "Bringing the State Back In," in Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol (Eds.), *Bringing the State Back In* (Cambridge: Cambridge University Press, 1985).
4. Alan C. Cairns, "The Embedded State: State-Society Relations in Canada," in Keith Banting (Ed.), *State and Society: Canada in a Comparative Perspective* (Toronto: University of Toronto Press, 1986); Alan Cairns, "The Embedded State: State-Society Relations in Canada," in *Reconfigurations: Canadian Citizenship and Constitutional Change* (Toronto: McClelland and Stewart, 1995), 31–61.
5. Cairns, 1986, 55.
6. Panel on Accountability and Governance in the Voluntary Sector. *Building on Strength: Improving Governance and Accountability in Canada's Voluntary Sector* (Ottawa: PAGVS, 1999). Please download from the internet: <<http://www.pagvs.com>>.
7. Government of Canada/Voluntary Sector Joint Initiative, *Working Together: Report of the Joint Tables* (Ottawa: PCO, 1999).
8. Kathy L. Brock, "Accountability, the Westminster Model and Government through Partnership with the Voluntary Sector," paper presented to the ARNOVA annual general meetings, Miami, November 2002.
9. Kathy L. Brock, "State, Society and the Third Sector: Changing to Meet New Challenges," *Journal of Canadian Studies* 35:4 (2001), 203–20; Susan D. Phillips, "From Charity to Clarity: Reinventing Federal Government-Voluntary Sector Relationships," in Les A. Pal (Ed.), *How Ottawa Spends 2001–2* (Toronto: Oxford University Press, 2001b), 145–76; Kathy L. Brock, "A Final Review of the Joint Coordinating Committee of the Voluntary Sector Initiative 2000–2002 by the Official 'Documentalist and Occasional Advisor,'" (Ottawa: VSI, March 2003).
10. Voluntary Sector Initiative, "Participants of the Voluntary Sector Initiative," document presented to the All Tables Meeting, Ottawa, 8 October 2002.

11. *Ibid.* at 4.
12. Susan D. Phillips, "In Accordance: Canada's Voluntary Sector Accord from Idea to Implementation," in Kathy L. Brock (Ed.), *Delicate Dances: Public Policy and the Non-profit Sector* (Montreal and Kingston: McGill-Queen's University Press, 2003), 17–61; David Good, "A Government-Voluntary Sector Accord," *ISUMA* 2:2 (2001), 46–52.
13. As Phillips notes, the final report of the Joint Accord Table suggested that future processes would be better served by volunteers devoting their time to broad substantive issues rather than refining documents. *Ibid.* at 55.
14. "Government-Sector Relationship: Accord Milestones" at <[http://www.vsi-isbc.ca/eng/relationship/accord\\_milestones.cfm](http://www.vsi-isbc.ca/eng/relationship/accord_milestones.cfm)>.
15. At the *Accord* consultations, many of the participants, particularly representatives of racial and ethnic organizations and communities, expressed anger or disappointment at the lack of substance in the draft accord. However, few changes were made to the final document to take account of these concerns. See Phillips, 2003, 36–38.
16. See Phillips 2003, 43; cf. Brock, March 2003.
17. Phillips, 2003, 9–10.
18. Voluntary Sector Initiative (Canada), *A Code of Good Practice on Policy Dialogue: Building on an Accord Between the Government of Canada and the Voluntary Sector* (Ottawa: VSI, October 2002), 2.
19. *Ibid.* at 6–7, 5.
20. Voluntary Sector Initiative (Canada), *A Code of Good Practice on Funding: Building on an Accord Between the Government of Canada and the Voluntary Sector* (Ottawa: VSI, October 2002), 2–4.
21. *Ibid.* at 5–6, 11–12, 13–15. For example, under efficiency and effectiveness, the government is expected to generate user-friendly forms, use boiler-plate data, and develop shorter and simpler agreements; the sector is enjoined to invest strategically in programs, help develop user-friendly forms, and monitor programs.
22. Advocacy is defined as "the act of speaking or of disseminating information intended to influence individual behaviour or opinion, corporate conduct, or public policy and law." *Ibid.* at 22.
23. For a thorough discussion of the regulatory reach of the federal government in the context of the advocacy activities of voluntary sector organizations, see A. Paul Pross and Kernaghan R. Webb, "Embedded Regulation: Advocacy and the Federal Regulation of Public Interest Groups," in Kathy L. Brock (Ed.), *Delicate Dances, op. cit.* at 63–122.
24. Based on my observations as Documentalist and Occasional observer to the Joint Coordinating Committee of the VSI.
25. VSI, "Update," 1 (March 2001), 3.
26. Joint Regulatory Table, *Strengthening Canada's Charitable Sector: Regulatory Reform* (Ottawa: VSI, May 2003).
27. See <<http://www.cra-accr.gc.ca/tax/charities/menu-e.html>>.
28. See <[http://www.vsf-fsbc.ca/eng/resources\\_tools/handouts/jrt\\_rec04.cfm](http://www.vsf-fsbc.ca/eng/resources_tools/handouts/jrt_rec04.cfm)>.
29. VSI, *The Journey Continues: The Second Report to Canadians on Implementing An Accord Between the Government of Canada and the Voluntary Sector* (Ottawa: VSI, December 2004), 19–20.

30. *Ibid.* at 20–21.
31. See Kathy L. Brock, “The Devil’s in the Detail: The Chrétien Legacy for the Third Sector,” *Review of Canadian Studies* 1 (Winter/Spring 2004).
32. Brock, 2001, *op. cit.*
33. Phillips, 2003, 34–35.
34. *Ibid.* at 35, note 26 at 55,38; cf. Brock, *op. cit.*, 2003.
35. See <<http://www.thecompact.org.uk/>>.
36. Phillips, 2003, 39.
37. *Ibid.* at 29–30.
38. Brock, 2003. Based on my observations as the Documentalist and Occasional Advisor to the JCC.
39. See for example, Arthur B.C. Drache with Laird Hunter, *A Canadian Charity Tribunal: A Proposal for Implementation* (Ottawa: December 1999); cf. Arthur B.C. Drache with F.K. Boyle, *Charities, Public Benefit and the Canadian Income Tax System: A Proposal for Reform* (Toronto: Kahanoff Nonprofit Sector Research Initiative, 1998). The latter work significantly influences the Panel on Accountability and Governance in the Voluntary Sector. Contrast Patrick J. Monahan with Elie S. Roth, *Federal Regulation of Charities: A Critical Assessment of Recent Proposals for Legislative and Regulatory Reform* (Toronto: York University with support from the Kahanoff Nonprofit Sector Research Initiative, 2000).
40. See Brock, 2001, 215–16.
41. VSI, 2003, 10–17.
42. VSI, 2004, 16.
43. Compare VSI 2003, 11, 12 to VSI 2004 16–17; cf. Voluntary Sector Forum, “Taking the Accord Forward: First Report to Canadians on Implementing an Accord Between the Government of Canada and the Voluntary Sector—Voluntary Sector Implementation Background Paper,” (December 2003) at <[http://www.voluntary-sector.ca/eng/publications/2003/sector\\_report\\_p.1.cfm](http://www.voluntary-sector.ca/eng/publications/2003/sector_report_p.1.cfm)>.