



Information Sheet 6

Relations Between Registered Parties and Associated Organizations

(Revised January 1, 2007)

DISCLAIMER

These information sheets set out Elections Canada's current interpretation of the *Canada Elections Act* and are issued to assist the public in understanding the Act. The views expressed in information sheets are not law and are not intended to replace the official text of the Act. How the Act applies to any particular case will depend on the individual circumstances of that case. Elections Canada reserves the right to reconsider any interpretations expressed in information sheets, either generally or in light of the actual circumstances of any case, and in accordance with continuing legislative and judicial developments.

Introduction

1. A registered party may be associated with a number of different types of organizations that do not have formal status under the *Canada Elections Act*.
2. These organizations may be formally part of the registered party, or they may be separate organizations or entities that are sympathetic to the policies of the party or have some practical operating arrangements with it.
3. Organizations associated with a federally registered party may include:
 - 3.1 registered electoral district associations of the registered party
 - 3.2 provincial political parties registered under provincial law
 - 3.3 provincial wings of federal parties
 - 3.4 local party associations that are not electoral district associations
 - 3.5 specialized party associations, such as women's associations and youth associations
4. The *Canada Elections Act* expressly provides for the rights and obligations of the registered electoral district associations of a registered party.¹
5. The rights and obligations under the *Canada Elections Act* of other organizations, which are not expressly provided for under the Act, depend on whether the organization is part of a registered party.

¹ See Division 1.1 of Part 18 of the *Canada Elections Act*.

Organizations That Are Part of a Registered Party

6. Whether or not an organization is part of a registered party depends on the particular internal structure of the party itself.
7. Associated organizations that are part of a registered party are governed by the same rules under the *Canada Elections Act* as the registered party itself. They are bound by the same financing provisions as the registered party in collecting contributions and reporting revenues and expenses. They are the registered party.
8. Thus, if contributions are accepted through an associated organization that is part of a registered party, those contributions must be accepted by a registered agent of the party.²
9. Equally, the expenses of an associated organization that is part of a registered party are expenses of the party. They must be incurred by, and paid by, a registered agent of the party,³ and the payment of such expenses is subject to the same rules as the processing of a registered party's expenses.⁴ If these expenses are election expenses, they are governed by the rules that cover the incurring and reporting of election expenses by the registered party.
10. The registered agent may be a person or entity outside of the associated organization, appointed by the party to work with the associated organization; or it may be a person or entity within the associated organization, appointed as a registered agent of the party by the party (or, if the associated organization is a provincial division of the party as defined in subsection 435.02(4) of the *Canada Elections Act*, appointed by the provincial division).

² S. 416(3), *Canada Elections Act*.

³ S. 416(1) and (2), *Canada Elections Act*.

⁴ S. 417 and following, *Canada Elections Act*.

11. Movements of resources between these associated organizations and the rest of the registered party are not treated as contributions, are not subject to the requirements of the *Canada Elections Act* for making or receiving contributions, and need not be reported as either contributions or transfers in the financial returns of the party under the *Canada Elections Act*. However, the generally accepted accounting rules applicable to the party's financial records require accurate records of such transfers.⁵

Associated Organizations That Are Not Part of the Registered Party

12. An associated organization that is not part of the registered party is a separate entity from the party.
13. Consequently, transactions and other interactions between such separate, but associated, organizations and the party are governed by the same rules under the *Canada Elections Act* as those between the party and any other separate person or entity. Since only individuals may make contributions to registered parties, any transactions between outside organizations and a registered party must be carried out on a purely commercial basis.
14. The finances of the associated organization remain separate and apart from those of the registered party and are not included in or reported as those of the party in the registered party's returns.

The Collection of Contributions Through a Registered Agent

15. If a party wishes to allow separate organizations to act as a conduit through which individuals can pass money to the party, a member of the associated organization may be appointed by the party as a registered agent of the party, with the authority to accept contributions on behalf of the party.⁶

⁵ The party's auditor is required to report the compliance of the party's records with generally accepted auditing standards (s. 426(1), *Canada Elections Act*).

⁶ S. 375(1), *Canada Elections Act*.

- 15.1 If the organization is a corporation, it may itself be appointed, or hired on a commercial basis, to act as a registered agent for the party.⁷
- 15.2 A registered electoral district association may appoint an electoral district agent from among the members of the associated organization, with responsibility for accepting contributions destined for the association.

Physically Passing Along Unsolicited Contributions

16. The Act prohibits making contributions from the money or property of another, given to the associated organization for the purpose of making a contribution. This does not, however, prevent the associated organization from passing on contributions intended for the registered political entity that are mistakenly left with the associated organization.
17. If the associated organization is simply forwarding a cheque or other contribution intended for the party, this will not fall afoul of the Act.
18. The associated organization must be careful, however, not to solicit contributions of this sort, because that would put it in danger of violating the prohibition against making a contribution with money given to it by others for that purpose.⁸

Sharing or Providing Goods and Services

19. The provision of goods and services for free, or for less than commercial value, is subject to the rules for contributions. The value of the contribution, in this case, would be the difference between the commercial value of the good or service and the price paid.⁹ Organizations may not make such contributions under the *Canada Elections Act*.

⁷ S. 376(1), *Canada Elections Act*.

⁸ S. 405.3(1), *Canada Elections Act*.

⁹ See definition of “non-monetary contribution” in s. 2(1), *Canada Elections Act*.

20. Goods and services may be provided to a registered party, a registered electoral district association, a leadership or nomination contestant, or to a candidate, on a commercial basis in the same way as any supplier may contract commercially with the party or other regulated political entity. The provision of goods and services on a commercial basis does not constitute a contribution.
21. Any goods or services provided by an associated organization must be provided according to the requirements of the *Canada Elections Act* for incurring and paying the expenses of a registered party or other regulated political entity.
 - 21.1 For example, payments for the goods or services must be made through the appropriate agent in accordance with the timing requirements for invoicing and payment set out in the *Canada Elections Act*.¹⁰
 - 21.2 If the associated organization's administrative services are shared with a registered party or registered association, attribution of the registered party's share (i.e. the amount to be invoiced) must be based on generally accepted accounting principles and reflect the concept of commercial value as defined in the *Canada Elections Act*.¹¹
22. If the registered party lacks funds on a short-term basis, loan arrangements can be made between the party through its registered agent and the associated organization in the same way that the registered party may enter into any commercial loan arrangement. The loans must be repaid out of the registered party's funds and are subject to the same rules under the *Canada Elections Act* as any commercial loan.¹²
23. All such transactions must be reported on the appropriate return of the registered party.

¹⁰ See ss. 416–421, *Canada Elections Act*.

¹¹ See definition of “commercial value” in s. 2(1), *Canada Elections Act*. See also s. 2(2) for situations where items are deemed to have no commercial value.

¹² See ss. 424(2)(j) and 424(3), *Canada Elections Act*.