



**Written Opinions, Guidelines and Interpretation Notes**

**Guideline: 2020-01**

**Political Financing Handbook for Leadership Contestants and Financial Agents**

**Comments made during consultation period of December 7, 2019, to January 30, 2020**

Comments received from the Green Party of Canada	Elections Canada response to the Green Party of Canada
<p>1. Are there no regulations on Third Parties during a Leadership Contest? If a Third Party were to spend funds to endorse a Contestant, could this be seen as an ineligible contribution? Would the Contestant’s level of knowledge of the intent to contribute matter? What about non-monetary contributions from a Third Party? Would the regulation of Third Party interference be up to the internal rules of the Party?</p>	<p>Third parties, as defined in the <i>Canada Elections Act</i>, are not subject to regulation for a leadership contest.</p> <p>However, any person or group who supports a contestant must still follow the contribution rules. This means only individuals who are Canadian citizens or permanent residents can make a contribution.</p> <p>When a group spends funds to endorse a contestant, this may or may not be an ineligible non-monetary contribution. If the group acts independently in making the endorsement, there is likely no contribution. If the endorsement is coordinated with the contestant, a contribution becomes more likely, unless the contestant’s campaign reimburses the group for its expenses. Each situation is different and must be evaluated based on all relevant facts.</p> <p>Political parties are permitted to set additional rules for the contest, as long as those rules do not conflict with the Act.</p>
<p>2. The handbook states, “Every person who accepts contributions to their campaign or incurs leadership campaign expenses has to register as a leadership contestant, even if they later decide not to run for the leadership.”</p> <p>The registration requires confirmation from the Party. What happens if the Party refuses to sign a registration form because the applicant has not passed internal requirements to be considered a contestant?</p>	<p>Subsection 478.2(1) provides that a person shall apply to Elections Canada for registration as a leadership contestant if they have accepted contributions or incurred campaign expenses.</p> <p>However, if the person did not receive the chief agent’s signed approval to be a contestant and would therefore have their application to Elections Canada rejected, Elections Canada accepts that an application is not necessary. It is also not necessary if the person received approval from the party but decides not to run before they have submitted their application to Elections Canada.</p> <p>Therefore, to avoid confusion, the sentence cited in your comment has been deleted from the handbook.</p>

<p>3. The handbook states, “A directed contribution is a contribution made to a registered party, with a <b>written</b> request from the contributor that the amount, or part of it, be transferred to a particular leadership contestant.”</p> <p>Does this mean directed contributions cannot be taken over the phone?</p>	<p>Under subsection 365(2), a contributor must request “in writing” to have their contribution, or part of it, transferred to a particular leadership contestant. Directed contributions can be accepted over the phone only if they are followed by a written request (for example, by email) to have the amount transferred.</p>
<p>4. On the issue of ticketed fundraising events, can you please add suggestions that the Contestant inform the Party of the benefit? It’s my understanding that if a directed contribution included a benefit for a ticketed fundraiser, the Party would need to issue a tax receipt for the contribution. If the Party is unaware of the benefit, they would issue a tax receipt for the improper amount and it could cause a contribution to be returned because the Party believed the amount exceeded the annual limit. Ex.: The Party receives a directed contribution for \$2,000. The Party was unaware that the contribution included a benefit of \$500. The Party refuses the cheque as it puts the contributor over their annual limit.</p> <p>Perhaps a standard Elections Canada form could be created for Contestants to inform the Party of benefits to a ticketed event.</p>	<p>In Chapter 6, the section “Managing contributions received through ticket sales” suggests three different ways that a registered party and leadership contestant might choose to process the contribution and benefit amounts associated with a ticketed fundraiser.</p> <p>As communication is key, the party would benefit from setting internal rules for how contestants inform the party of the details of their fundraising events—especially as some events may be regulated fundraising events that the party must disclose to Elections Canada.</p>
<p>5. The handbook states, “Interim returns are required if contributions totalling more than \$10,000 are accepted.”</p> <p>I assume this includes directed contributions.</p>	<p>Yes, the \$10,000 threshold for reporting includes directed contributions. As well, a party’s contest fee is a leadership campaign expense that may place contestants over the threshold.</p>
<p><b>Comments received from the Liberal Party of Canada</b></p>	<p><b>Elections Canada response to the Liberal Party of Canada</b></p>
<p>We provide a few specific points for consideration:</p> <p>1. On page 28, example #1, 5th line, the draft states, “The financial agent puts this agreement in writing at the start of the campaign...”. We believe we have previously noted that agreements do not need to be put in writing for the arrangement to be considered an agreement, i.e. a verbal agreement is as legally binding as a written agreement. As such we suggest the wording of that sentence be slightly modified to “The financial agent will document, preferably in writing, this agreement at the start of the campaign...”.</p>	<p>Elections Canada accepts that an agreement may be verbal or written (as stated in response to a comment on OGI 2017-04). For this reason, the general text on paying volunteers for part of their work does not specify that the agreement must be in writing. However, because it is a strongly recommended best practice, the example shows the campaign making an agreement for compensation in writing.</p>
<p>2. On page 48, approximately in the middle of the page when referencing Flowchart 3, as Flowchart 3 is on page 50, it may be helpful to add “page 50” after the words “Flowchart 3”.</p>	<p>The words “further below” have been added to indicate that the flowchart does not directly follow the text. The handbooks cannot include page references because they are developed for both print and online platforms.</p>

3. The section on Managing contributions received through ticket sales, commencing on page 57, is well written and sufficiently detailed to allow a leadership contestant and Party to coordinate the processing and accounting of the personal benefit portion of a payment for a fundraising event.	Elections Canada notes your comment.
<b>Comments received from the Commissioner of Canada Elections</b>	<b>Elections Canada response to the Commissioner of Canada Elections</b>
We are in agreement with the proposed update of the manual.	Elections Canada notes your comment.

The following parties did not submit comments to Elections Canada regarding OGI 2020-01:

- Animal Protection Party of Canada
- Bloc Québécois
- Canada's Fourth Front
- Canadian Nationalist Party
- Christian Heritage Party of Canada
- Communist Party of Canada
- Conservative Party of Canada
- Libertarian Party of Canada
- Marijuana Party
- Marxist-Leninist Party of Canada
- National Citizens Alliance of Canada
- New Democratic Party
- Parti pour l'Indépendance du Québec
- Parti Rhinocéros Party
- People's Party of Canada
- Stop Climate Change
- The United Party of Canada
- Veterans Coalition Party of Canada