



Written Opinions, Guidelines and Interpretation Notes

Guideline: 2021-02

Political Financing Handbook for Registered Parties and Chief Agents

Comments made during consultation period of February 5 to March 22, 2021

Comments received from the Liberal Party of Canada	Elections Canada response to the Liberal Party of Canada
<p>Specific Comments</p> <p>We provide the following specific points for consideration:</p> <ol style="list-style-type: none"> On page 26, while the * footnote makes reference to other professional criteria, we believe many might not fully understand the nature of the criteria. We believe the footnote could be made clearer by changing it to “Provincially/territorially legislated accounting bodies may require auditors to meet other professional criteria/standards/requirements in order to perform the role, such as the need to hold a public accounting license in the province where the registered political entity is based. This should be discussed with the auditor prior to the auditor accepting to be the auditor of record.” 	<p>The footnote has been modified to read as follows: “Provincially or territorially legislated accounting bodies may require auditors to meet other professional criteria in order to perform this role, such as holding a public accounting licence in the province where the political entity is based. This should be discussed with the auditor before the appointment.” As well, in the table above the footnote, “provincially incorporated professional accountants” has been changed to “provincially accredited professional accountants.”</p> <p>These changes will be made in all political financing handbooks as they are released.</p>
<ol style="list-style-type: none"> On page 1, in the fourth bullet, “paid leave” was removed; however, we note that example #1 on page 32 (“Paying volunteers for part of their work”) has been expanded. If the intent was for these two changes to work together to expand the discussion, we believe that the intent has been met. 	<p>Paid leave was deleted from the fourth bullet in the chapter’s topic list for structural reasons. There is no effect on the content.</p>
<ol style="list-style-type: none"> Pending the finalization of OGI 2021-01, <i>Participating in Third Party Campaign-Style Events During Pre-Election and Election Periods</i>, revisions may be required to pages 34–35 in Chapter 2, “Contributions,” and Chapter 11, “Interacting with Third Parties in the Pre-election and Election Periods.” 	<p>The handbook has been updated in line with the final version of OGI 2021-01.</p>

<p>4. On page 65, in the section “Who can incur expenses,” the added sentence does provide some greater clarity regarding the determination as to when an expense is incurred; however, to an accountant, it might create a bit of confusion with respect to the recognition of the expense in the campaign return, as it is possible that, while ordered, the goods/services may not be delivered by the vendor during the election period. Perhaps the new sentence needs to be slightly adjusted so that it reads “With respect to when the Act recognizes the point at which an expense is authorized, an expense is authorized/incurred when a ...”.</p>	<p>The following expanded definition has been added for greater clarity:</p> <p>“An expense is incurred when the party becomes legally obligated to pay. The timing will vary based on how the property or service is procured. For example:</p> <ul style="list-style-type: none"> • Where a written contract is executed, such as an office lease or a loan agreement, the expense is incurred when the contract is signed. • Where there is no written contract, the expense is incurred when a verbal agreement is reached. Generally, this is when property or services are ordered or, for retail purchases, at the point of sale. <p>For a non-monetary contribution of property or services, the expense is incurred when the party accepts the contribution.”</p> <p>The point at which an expense is authorized is less relevant to the discussion. While all expenses must be authorized, the timing does not affect reporting on the expense. The key question is whether the property or service was used during the election period to promote or oppose a party.</p>
<p>5. On page 84, in the section “Party leader’s travel expenses,” in the first paragraph, the sentence “This includes a return trip after the election period.” has been added at the end. This appears to be a new interpretation, given past guidance from Elections Canada in this area, and conflicts with the further guidance in the section, which states that compensation paid before or after an election is a registered party expense and not an election expense. We have trouble understanding why for pre- or post-election travel, travel and compensation are treated differently. This is also holds true for pre- or post-election meal and accommodation expenses.</p>	<p>The inclusion of travel in both directions as an election expense, when the work performed at the location is an election expense, is a new interpretation since 2019. The reasoning is that the worker’s presence at the location is necessary to the work being performed, and any cost incurred specifically to move the worker to or from that location is therefore part of the election expense. If only travel during the election period were counted, parties could advance or delay travel by a few days to avoid what could otherwise be significant election expenses. Meal and accommodation expenses for days outside the election period are less directly tied to work performed during the election period and are therefore not election expenses.</p>

<p>6. On page 85, continuing with a party leader’s travel, while excellent guidance has been provided with respect to the cost of commercial travel and security details, no mention has been made of the accounting treatment for the Government of Canada’s reimbursement to parties pertaining to the parties’ cost of providing transportation and other arrangements for security details. This is an area in which Elections Canada has provided past guidance, and it would be helpful if this were added to the Handbook.</p>	<p>The section has been expanded with the following text: “The government-issued security detail is not reported as an election expense at all. If the party pays a security expense and the government later reimburses it, the expense and revenue are reported in the party’s annual financial statements with the amounts netting out to zero.”</p>
<p>7. On page 86, a third paragraph has been added pertaining to a worker paying for incidentals and not being reimbursed. The example refers to the \$200 threshold. Further clarity should be established to confirm whether each incident of expense incurred by the worker is viewed independently or whether it is the cumulative amount. Given past guidance from Elections Canada pertaining to the sale of branded goods, as well as in other areas, an argument of consistency could be made that each incident of expense needs to be viewed individually with respect to the \$200 disclosure threshold.</p>	<p>The following sentence has been added: “Each incidental expense is measured individually against the \$200 threshold to determine whether the contribution is deemed nil.”</p>
<p>8. On page 86, new example #1 could be somewhat expanded to provide additional nuance. If the \$85 pizza expense was neither claimed by the individual nor reimbursed by the party, given that the amount is less than the \$200 disclosure threshold, in that instance, the \$85 would not be an election expense.</p>	<p>The party’s comment is accurate. However, each example in this section is meant to show a different outcome. Example #1 shows a reimbursement that results in an election expense, while example #2 shows a non-monetary contribution that is deemed to be nil.</p>
<p>9. On page 86, a new example #2 has been added and refers to the cost of gasoline. While easily verifiable, the cost of gasoline does not generally represent how business and government view the cost of travel when using one’s own automobile. If the cost of gasoline is going to become the determinant, then it would be beneficial to add a comment that, in such a situation, the cost of the equivalent mileage reimbursement is not the appropriate measure of the contributed goods and services.</p>	<p>The expense related to using a personal car can be either the actual expense of gasoline or else a kilometric rate for mileage. As example #2 shows an incidental expense for local transportation that the worker does not intend to have reimbursed, it is simpler for her to use the actual gasoline expense to determine that her contribution is nil. If the worker intends to be reimbursed, a mileage calculation could be used instead.</p>
<p>10. On page 86, in the section “Travel and living expenses,” a new paragraph has been added to state that preparatory “staging” travel immediately in advance of an election is an election expense. Our comments made in #5 above also apply to this new guidance.</p>	<p>Please see the response to comment #5 above, which addresses the question of travel both before and after the election period.</p>
<p>11. On page 89, example #3, reference is again made to the reimbursement of gasoline. Our comments made in #9 above also apply to this example.</p>	<p>Please see the response to comment #9 above, which also applies in this context.</p>

12. In Chapter 9, "Accessibility Expenses," the page numbers appear to restart at 87.	This error appears in the version of the handbook showing tracked changes. It is correct in the published version.
Comments received from the Commissioner of Canada Elections	Elections Canada response to the Commissioner of Canada Elections
We have no comments to provide on the content of the proposed manual.	Elections Canada notes your comment.

The following parties did not submit comments to Elections Canada regarding OGI 2021-02:

- 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
- Free Party Canada
- Green 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
- People's Party of Canada
- Parti Rhinocéros Party
- Stop Climate Change
- Veterans Coalition Party of Canada