



Guideline: 2023-02

Political Financing Handbook for Registered Parties and Chief Agents

Comments made during the consultation period of July 12 to August 25, 2023

Comments received from the Conservative Party of Canada	Elections Canada response to the Conservative Party of Canada
<p>1. Chapter 2 – Registration – Pages 26–29</p> <p>We have noticed that a part of the eligibility criteria for the roles of Party Leader and Party Officers has changed from “resides in Canada” to “who lives or has lived in Canada.” Additionally, we’ve noticed that the same “resides in Canada” eligibility criteria has been completely removed (with no replacement) for the roles of Chief Agent and Registered Agents.</p> <p>These changes indicate that Canadian citizens living abroad will be allowed to fill these roles. Can you explain why the eligibility requirement of “resides in Canada” is being removed and why the new requirement of “who lives or has lived in Canada” is not being applied to every role?</p>	<p>The change in eligibility criteria for agents and officers, including the party leader, results from a provision that was added to the <i>Canada Elections Act</i> by Bill C-76 (S.C. 2018, c. 31) in relation to the deemed residence of international electors. The provision’s effect on roles within a political entity was not noticed until recently.</p> <p>A Canadian citizen who lives abroad, but once lived in Canada, is now deemed to maintain a “place of ordinary residence” that is “their last place of ordinary residence in Canada” (s. 8(2.1)). As a result, any role that requires the person to have a place of ordinary residence in Canada can be filled by a Canadian citizen who lives or has lived in Canada. You are correct that this condition should have been applied to the roles of chief agent and registered agent as well.</p> <p>The correction has been made in this handbook (pp. 27–28) and will be made in all other handbooks, where applicable.</p>

<p>2. Chapter 3 – Accepting and recording contributions – Page 39</p> <p>“To issue a tax receipt, the agent must also record the contributor’s home address. A business address cannot be accepted in its place.”</p> <p>Language has been added to explicitly say that a business address cannot be accepted as the contributor’s home address. It also states that a contributor’s home address must be recorded.</p> <p>Will an individual’s mailing address be accepted in place of a home address? Currently, our donors are asked to provide either a mailing address or a residential address, as we recognize that many individuals living in rural communities use P.O. Boxes and General Delivery addresses as their primary address.</p> <p>Will it be expected that an agent confirm with 100% certainty that a donor has provided a home address? Or will verbal and/or written confirmation from the donor that they are providing a home address be enough to satisfy this requirement? Additionally, what will happen in instances when an individual’s home address is also their business address?</p>	<p>Yes, a mailing address can be accepted if it is the address that the contributor regularly uses to receive mail for their household. This clarification has been added to the handbook (p. 39) and will be added in all other handbooks.</p> <p>Agents do not need to confirm the address type, but if Elections Canada notices an issue while auditing contributions, the auditor will contact the political entity to obtain a home address if one was not provided and confirm that the contribution was made using the individual’s own funds. An address that is both the individual’s home address and business address is valid as a home address.</p>
<p>3. Chapter 3 – Accepting and recording contributions – Page 39</p> <p>The new language regarding online payments is silent on the matter of Parties being able to accept credit card payments from spouses residing in the same household on behalf of each other, since the credit card is paid from a joint bank account. We believe this should be clearly outlined and documented in this section of the handbook.</p>	<p>It is possible for spouses to make a contribution using the same credit card, even if only one spouse is named on the card, on the understanding that the credit card balance is paid from a joint bank account. But the party should put controls in place to get certification that contributors are using their own funds (for example, by adding a checkbox with this certification to its online contribution system). This information has been added to the handbook (p. 40) and will be added in all other handbooks.</p> <p>Please note that having a checkbox as a control does not preclude Elections Canada auditors from seeking more information from political entities about the source of contributions.</p> <p>We plan to revisit the subject of contributions made through intermediaries or joint accounts in more detail in a future interpretation note.</p>

<p>4. Chapter 9 – Compensation of workers – Page 98</p> <p>“An agreement must be in place before the work is performed. Once an agreement is in place, the registered party is liable for the related expenses.”</p> <p>An explicit requirement has been set out that election campaign workers have agreements in place before they perform any work on behalf of the Party.</p> <p>Does this agreement have to be executed in the form of a written contract? If so, please provide the rationale for this condition. This would mean that Parties would not be able to backdate agreements for campaign staff moving forward and they would not be able to work without a fully executed agreement in place.</p> <p>We do not believe there is a need to set the arbitrary condition of a written agreement, as long as a legal contract has been established (i.e., verbal and/or otherwise).</p>	<p>No, agreements do not have to be made in writing. As noted in the handbook, we recommend that parties have a written agreement or other documentation about a campaign worker’s compensation to support the amount of expenses being reported. This could help the party’s auditor perform their work and may be useful if any legal issues arise after the election.</p>
<p>5. Chapter 13 – Leadership and nomination contest fees – Page 115</p> <p>“Note: When a refundable compliance deposit is required, it is recorded as a transfer from the contestant to the registered party rather than an expense. If the deposit is refunded, the party does not send it back as a transfer. The contestant records it as other cash inflow.”</p> <p>There’s a confusing inconsistency regarding refundable compliance deposits, in which the initial receipt of the deposit from the nomination/leadership contestant is treated as a “transfer,” yet the refund of the deposit back to the contestants is not treated as a transfer going the other way. In our opinion, this leads to inconsistent reporting of transfers between these entities.</p> <p>Can you please clarify this process and the reason for this difference?</p>	<p>The process for reporting refundable compliance deposits from contestants is complicated because of transfer restrictions in the <i>Canada Elections Act</i>. The payment of the deposit is treated as a transfer rather than a leadership or nomination campaign expense because no property or service is acquired. The deposit should not affect a contestant’s spending limit or audit threshold.</p> <p>However, while contestants can send the deposit as a monetary transfer to the party, the Act does not allow parties to send monetary transfers to contestants (except directed contributions to leadership contestants). This is why the party should send the money back as a payment rather than a transfer, and the contestant should receive it as an other cash inflow.</p> <p>While this creates the perception of inconsistent reporting, it keeps political entities within the law and allows contestants to correctly reconcile their bank account balance.</p>

Comments received from the Green Party of Canada	Elections Canada response to the Green Party of Canada
<p>Chapter 3 – Section: Accepting and recording contributions</p> <p>If the contribution source is a Partnership, the handbook says “each contributing partner’s next draw of income from the partnership should be reduced by the amount of that partner’s contribution.” What’s the party obligation in this regard?</p>	<p>The party is not required to monitor the reduction of the partners’ draws of income. For greater clarity, we have changed the order of words to read: “Each contributing partner should reduce their next draw of income from the partnership by the amount of their contribution.” The party could help to promote compliance by advising the contributor of this best practice.</p> <p>We plan to revisit the subject of contributions made through intermediaries or joint accounts in more detail in a future interpretation note.</p>
Comments received from the Liberal Party of Canada	Elections Canada response to the Liberal Party of Canada
<p>General Comments</p> <p>None</p> <p>Specific Comments</p> <p>We provide the following specific points for consideration:</p> <ol style="list-style-type: none"> On page 24, for the bullet pertaining to the leadership contest report, the words “before the contest starts” have been added. Leadership contests are generally approved by a party’s Board of Directors. We don’t know how a party would comply to provide a leadership contest report prior to the contest being approved by the Board of Directors, and once the contest is approved, the party would be in non-compliance. There needs to be a period from the approval of the contest by the Board of Directors to the filing of the leadership contest report. This comment also impacts proposed changes on pages 26 and 122. 	<p>The <i>Canada Elections Act</i> states that a report must be filed “[i]f a registered party proposes to hold a leadership contest, ... setting out the dates on which the leadership contest is to begin and end” (s. 478.1(1), emphasis added). If the party’s decision to hold a leadership contest and the start of the contest coincide, the party can provide the report immediately after the contest starts to comply with the provision. The handbook has been modified in all relevant places to read “before or immediately after the contest starts.”</p>
<ol style="list-style-type: none"> On page 26, in the section “Who is eligible?”, the word “Canada” is missing at the end of the sentence. 	<p>The word “Canada” is outside the display area in the tracked changes version of the handbook but is visible in the published version.</p>

<p>3. For pages 34 and 98, with the Handbook’s proposed changes regarding invoices for paid labour, the financial support requirements are muddled. For starters, the Handbook does not refer to the CRA requirements that for payments made to individuals that are in excess of \$500, a T4A must be issued by the payor. Additionally, volunteers may be paid via payroll, which is typical when, for example, Hill staff take a leave of absence from their Parliamentary roles to work on a campaign during an election. The concept of payroll allocations is discussed on page 103 for permanent party staff, but nowhere does the Handbook discuss supporting documentation for volunteers that are paid via payroll. With the proposed changes to pages 34 and 98, it would now seem that volunteers paid via payroll must additionally provide an invoice to the party. Why would an employment agreement not be sufficient? We believe the added draft invoice requirements on pages 34 and 98 should be modified to state that an invoice is required when the volunteer/individual is not paid via payroll and such payroll payment(s) would subsequently require the issuance of a T4.</p>	<p>We agree that if the campaign worker has been added to the party’s payroll, an employment agreement is an adequate document to support the expense. The following text has been added on page 34: “Note that if a campaign worker has been added to the party’s payroll, they are treated as a regular staff member (see the Office expenses section in Chapter 9), and an employment agreement can be used in place of an invoice.” Equivalent text was also added on page 99.</p> <p>We have also clarified in other parts of the handbook, notably in the Invoices section in Chapter 7, that the party can keep an invoice “or other document evidencing the expense” to comply with the recordkeeping requirement for expenses of \$50 or more. This change will be made in other handbooks, where applicable.</p> <p>Finally, the following general guidance has been added: “Note: If the party pays its workers, it may have to issue T4 or T4A slips to them for income tax purposes. See the Canada Revenue Agency website for more information.”</p>
<p>4. On page 34, example #3, we believe more precise wording would include the underlined words below and state, “The chief agent pledges to give Saul, a volunteer who works every day during the election period, \$700 if the party has money left at the end of the election. If the chief agent makes this payment, which was conditional on sufficient funds, it is not compensation but a gift that is subject to the \$200 nominal gifts threshold. <u>The party may only gift Saul \$200.</u> No part of the payment is an election expense or eligible for reimbursement.”</p>	<p>The sentence has been added as suggested. An equivalent change will be made in all applicable handbooks.</p>
<p>5. On page 41, in the column “What to keep in mind” for contributions through a partnership, the proposed draft changes go well beyond the legislative requirements. In addition to the requirement that a home address be provided, two bullets have been added (i) requiring that instructions be signed and dated by each contributor, and (ii) requiring a party to somehow ensure that “Each contributing partner’s next draw of income from the partnership should be reduced by the amount of that partner’s contribution,” putting an onus on a party to verify internal administrative and accounting practices of a partnership. Not only is this not possible, the legislation does not require a party to do so. It was our understanding that these matters had been resolved long ago in 2009 with the then-proposed revisions</p>	<p>This guidance about partnerships has been in the handbooks since 2015 but showed as a tracked change in this release because the text was moved. The recordkeeping requirements for contributions through a partnership exist to ensure that contributions are being made by individual partners rather than by the partnership. While the reduction of a contributing partners’ next draw of income helps support the individual nature of the contributions, it is phrased as a suggestion and not something that the political entity is required to monitor. For greater clarity, we have changed the order of words to read: “Each contributing partner should reduce their next draw of income from the partnership by the amount of their contribution.”</p> <p>We plan to revisit the subject of contributions made through</p>

<p>to Information Bulletin #10.</p>	<p>intermediaries or joint accounts in more detail in a future interpretation note. Please note that because Information Sheet #10 was issued before Elections Canada began the legislated OGI program and is not in the OGI Registry, it should no longer be read as Elections Canada’s official guidance. Information sheets have been superseded by the political financing handbooks.</p>
<p>6. On page 62, in the “Note” section, the last two guidance sentences have been removed. What is the logic for this?</p>	<p>The two sentences appear in the final version of the handbook, in the new section Updating a party website notice and correcting or revising a report to Elections Canada (p. 64). The sentences were erroneously deleted from the consultation version in anticipation of their move to the new section once OGI 2023-01, <i>Regulated Fundraising Events</i>, was published.</p>
<p>7. On page 86, in example #4, perhaps after the last sentence “This is not election advertising,” an additional sentence could be added reading, “However, this may be considered a non-monetary contribution and the party would need to declare the endorsement at its fair market value.”</p>	<p>In example 4, a registered party asks an influencer for a free endorsement, and the influencer acts independently to create a video and post it for free on the Internet. There is no non-monetary contribution to report in this situation. As the handbook explains, “A registered party simply asking for and receiving a free endorsement from an influencer will not trigger regulation [emphasis added]. But if the party wants to discuss the posts with the influencer, see the rules and restrictions in Chapter 12, Interacting with Third Parties in the Pre-election and Election Periods.”</p> <p>For greater certainty, the last sentence of the example has been modified to read: “This is neither election advertising nor a contribution to the party.”</p>
<p>8. On page 93, new example #4 advises that the purchase of phone numbers by a party for use in centralized get-out-the-vote activities is an election expense of the party if the phone numbers were not purchased on behalf of the candidates. This guidance is contrary to current guidance from Elections Canada that all get-out-the-vote activities are for the benefit of the candidate campaigns. If this is so, then the example needs to be revised to state that the party expense of purchasing the phone numbers would be a non-election expense of the party with a corresponding non-monetary contribution to the candidate campaigns that availed themselves of the purchased phone numbers.</p>	<p>Elections Canada’s current guidance does not advise that all get-out-the-vote activities are for the benefit of candidate campaigns. We recognize that parties can choose to promote themselves by promoting their candidates. Since the phone numbers purchased in example 4 are a reasonable expense of the party for centralized activities, and the party incurred the expense on its own behalf, the expense does not have to be assumed by the candidates. The election expense is reported by, and eligible for reimbursement to, the registered party only.</p> <p>By contrast, example 3 shows a scenario where candidates have agreed that the party will buy phone numbers on their behalf. The election expense is reported by, and eligible for reimbursement to, the candidates only. These examples were added to the handbook from OGI 2022-03, <i>Voter Databases and Election Expenses</i>.</p>

9. On page 115, under the section “Leadership and nomination contest fees,” a new sentence has been added to advise how leadership contestants and nomination contestants are to record these fees on their campaign return. What is missing is how a party should be recording these fees.	The following text has been added: “They are recorded by the party as revenue in accordance with the party’s normal accounting practices.”
Comments received from the Commissioner of Canada Elections	Elections Canada response to the Commissioner of Canada Elections
We agree with the content of the Manual as proposed.	Elections Canada notes your comment.

Elections Canada noted an error in the draft that was sent for consultation and has made the following correction in the final version:

- In Chapter 9, the **Campaign workers and related expenses** section now states that campaign workers who receive a gift card to cover incidental expenses and who make a purchase of \$50 or more with the card **should** get an invoice, while workers who make a purchase of less than \$50 **should** record the date, amount and nature of the expense. The word **must** was used previously; however, the basic supporting document required to support the expense is the invoice and proof of payment for the initial purchase of gift cards. Further documents would be required only if the expenses were in question.

The following parties did not submit comments to Elections Canada regarding OGI 2023-02:

- Animal Protection Party of Canada
- Bloc Québécois
- Centrist Party of Canada
- Christian Heritage Party of Canada
- Communist Party of Canada
- Free Party Canada
- Libertarian Party of Canada
- Marijuana Party
- Marxist-Leninist Party of Canada
- Maverick Party
- New Democratic Party
- Parti Rhinocéros Party
- People’s Party of Canada