



## Written Opinions, Guidelines and Interpretation Notes

**Guideline: 2019-02**

**Political Financing Handbook for Candidates and Official Agents**

**Comments made during consultation period of February 27 to April 12, 2019**

Comments received from the Green Party of Canada	Elections Canada response to the Green Party of Canada
<p>Would like more information on paying campaign workers for their travel and per diem, i.e. costs of travel to bring the workers to the riding and return them home after the election day and providing them a per diem for meals.</p> <p>Are the travel costs of bringing workers to a campaign rebateable? If yes, do the dates of the travel matter? (Before writ or after election day?)</p> <p>Would providing workers a per diem count as an election expense available for rebate? For only days during the writ period?</p>	<p>As a general rule, a campaign worker’s travel to and from the electoral district where the campaign is based is not a regulated expense (in the same way that a worker’s travel to and from the office every day is not a regulated expense).</p> <p>However, if the candidate’s campaign is paying to relocate workers to the electoral district and return them home after the election, the travel costs incurred are other electoral campaign expenses—no matter when the travel occurs. They are not subject to the limit and are not eligible for reimbursement. This position is consistent with Elections Canada’s current guidance on return trips of campaign workers after election day.</p> <p>If the candidate’s campaign pays per diems or lodging of campaign workers:</p> <ul style="list-style-type: none"> <li>• the cost incurred for days during the election period is an election expense (eligible for reimbursement)</li> <li>• the cost incurred for days outside the election period is an other electoral campaign expense (not eligible for reimbursement)</li> </ul> <p>The campaign’s payment of its workers’ travel and living expenses is a type of compensation. If the campaign intends to pay this or other compensation to its workers, details should be set out in a written contract beforehand.</p> <p>Information to this effect has been added under the section “Compensation paid to the official agent or other campaign workers” in Chapter 8 of the handbook.</p>

Comments received from the Liberal Party of Canada	Elections Canada response to the Liberal Party of Canada
1. In Section 2 Contributions, for volunteer labour it references OGI 2017-04. The correct reference as currently shown on the EC website is OGI 2019-01.	The correction has been made.
2. In Section 3 Loans, in the “Overdraft protection and line of credit” part, the bullet “the dates and amounts of any payments of principal and interest” has been added as a disclosure requirement. For registered political parties with revolving lines of credit, based on past EC guidance, the practice to date has been to not report each automatic repayment. We do not believe it is EC’s intent to require this disclosure as it could conceivably and needlessly add 250+ entries to Part 2c of the Annual Return that would provide no meaningful information and likely make it more difficult to understand. We suggest further clarity is needed regarding the added bullet.	For overdrafts or payments to suppliers made directly from a line of credit, repayments are not recorded, and there is a note to this effect in the “Repaying a loan” section. For further clarity in the “Overdraft protection and line of credit” section, the bullet has been modified to specify that payments are only reported for a line of credit where funds were transferred into the bank account before being used.
3. In Section 6 Fundraising, specifically “Flowchart 2: Basic rules for determining the contribution amount,” it would be helpful under the decision point “Is benefit significant” to either make reference to the discussion “When is a benefit significant” or perhaps state “FMV exceeds more than 10% of the amount given, or \$75; whichever is less’.	Just above the flowchart, the handbook states: “Terms used in the flowchart are explained in the sections below.” This sentence has been moved into a note under the flowchart to make the reference more apparent.
4. Also in Section 6, in the part “When is a benefit central?,” it states “A benefit is central to a fundraising activity when it is a focal point of the activity. For example, items sold at an auction or branded goods sold in ... The fair market value of benefits central to a fundraising activity are deducted from the amount given by a contributor ...”. However, in previous guidance provided by EC for branded goods, it is the registered political entity’s cost and not FMV that is to be used in calculating the benefit. This added wording likely requires adjustment.	The reference to branded goods has been deleted as an example from the section “When is a benefit central?” to avoid confusion. The handbook continues to explain under the section “Sale of branded goods” that, for this type of fundraising, the fair market value of the benefit is the amount the campaign paid a commercial provider for the item.

<p>5. Further in Section 6, in the part “Ticketed fundraising events,” a bullet has been added in the calculation of the personal benefit which states “rental of audiovisual equipment and other general expenses (prorated)”. This is a departure from past practice and would also represent the first time the EC and CRA personal benefit calculations deviate for a ticketed event. While EC is entirely in its purview to vary their personal benefit calculation from the one used by CRA, it would entail changing EFR and likely the online portal to calculate two amounts reported on a combined EC/CRA receipt. Is this what was intended?</p>	<p>Subsection 377(2) of the <i>Canada Elections Act</i>, introduced by Bill C-76, explicitly includes audiovisual equipment and other general expenses in the benefit received by a ticket bearer for a regulated fundraising event. Any expense that directly benefits a ticket bearer, such as professional sound and lighting, should be included in the benefit. Expenses that do not benefit a ticket bearer, such as those related to media access, are not included in the benefit. Elections Canada’s previous guidance did not preclude audiovisual or general expenses being part of the benefit, and the Canada Revenue Agency’s guidance is silent in this regard.</p> <p>However, the explicit inclusion of audiovisual equipment and general expenses in the benefit raises a question about events where total expenses are expected to be higher than ticket revenues. On these occasions, the primary purpose of the event is promotional rather than to raise funds. As a result, the benefit calculation set out in subsection 377(1) for a ticketed fundraising event does not apply. In a new section called “Other ticketed events,” we clarify how to calculate the benefit and report expenses for these promotional events. Only tangible benefits should be deducted (in line with our guidance for a party convention), and all expenses are election expenses if the event is held during an election period.</p>
<p>6. In Section 7 Electoral Campaign Expenses, and more specifically the chart showing the “electoral campaign expenses: overview”, would it be possible to add as separate columns the rate of reimbursement including the maximum reimbursement as shown in the chart in Section 16 Reimbursements and Subsidies?</p>	<p>The two charts serve different purposes—one provides an overview to help the reader distinguish between categories, while the other provides reimbursement details for specific subcategories—and are therefore not susceptible of being effectively combined.</p>
<p>7. Further referencing the chart in section 7 Electoral Campaign Expenses, it would be helpful if the triangle at the top of the chart included the three new categories, thus showing a total of six. Perhaps doing so may require rethinking the use of the triangle format.</p>	<p>The triangle graphic has been replaced by the chart covering all six expense categories. It may have shown in the tracked changes version of the handbook even though it was deleted.</p>
<p>8. In Section 8 Election Expenses, in the part describing “election signs”, and referencing the new wording “Election signs are election advertising and are subject to the tagline and blackout requirements ...”, could additional clarification be added stating that signs installed previous to election day do not need to be removed as part of the blackout requirements?</p>	<p>The following text has been added as suggested: “Signs installed before election day do not need to be removed as part of the blackout requirements.”</p>

<p>9. In Section 9 Candidate's Personal Expenses, in the part describing "What are the Candidate's personal expenses?," in the first paragraph the words ", both during and outside of the election period:" have been added. It would be useful to have a discussion and example to what extent outside of the election period personal expenses can be claimed.</p>	<p>As stated in the handbook, a candidate's personal expenses must be "reasonably incurred in relation to the candidate's campaign" and be either "new expenses or increases in normally incurred expenses." This could be the case in many situations outside the election period.</p> <p>The following example has been added in the Childcare section:</p> <p>"Raffi, a candidate, has officially launched his campaign for an election that will be held later in the year. He has sole care of his child on weekends. When he goes canvassing one Saturday, Raffi leaves his child with a babysitter for three hours. The expense for the babysitter is a personal expense of the candidate."</p>
<p>10. In Section 16 Reimbursements and Subsidies there appears to be a new requirement for official agents to provide any reimbursement (60% or 90%) made by the Crown pertaining to the candidate's personal expenses made by the candidate and not reimbursed by the campaign, be paid directly to the candidate. Under past EC administrative practice this would be challenging, especially where the rebates have been assigned as the reimbursement documentation does not segment rebates made for expenditures made by a campaign and made by a candidate. In order that an official agent or party (where the rebate has been assigned) not erroneously process a rebate, adequate disclosure would need to be prepared by EC and transmitted to the rebate recipient to ensure correct processing of the rebate. Alternatively, EC could pay the candidate directly for the candidate's share of the rebate.</p>	<p>When Elections Canada sends a reimbursement to the official agent or assignee, it plans to include a notice of assessment that will indicate the amount due to the candidate for personal expenses. This should ensure correct processing of the funds. The <i>Canada Elections Act</i> does not allow Elections Canada to divide the payment between the candidate and the official agent or assignee.</p>
<p>11. On page 83 of the French manual, there is a typo with the letter "K" of the words Kilomètre and Kilométrage.</p>	<p>The words kilomètre and kilométrage are now correct in the French manual.</p>

<b>Comments received from the Marxist-Leninist Party of Canada</b>	<b>Elections Canada response to the Marxist-Leninist Party of Canada</b>
<p>The Marxist-Leninist Party of Canada has reviewed the <i>Political Financing Handbook for Candidates and Official Agents (EC 20155) — February 2019 — draft guideline OGI 2019-02</i>. The Handbook is quite comprehensive and generally clear. We only make note of one subject.</p> <p>On page 22, in the section "Who Can Contribute," the Handbook states "If the candidate obtains a loan from a financial institution for the purpose of making a contribution to their own campaign, the loan must be guaranteed by the personal property of the candidate." This guideline is somewhat confusing in its placement and might better be placed in Section 3 on Loans or repeated there. This would more clearly bring out the fact that only a candidate can guarantee a loan that is being used for their own contributory funds, as opposed to the candidate's campaign obtaining a loan which can be guaranteed by various other entities.</p>	<p>The note is now repeated in Chapter 3 as suggested, under the section "Loans from financial institutions."</p>
<b>Comments received from the Rhinoceros Party</b>	<b>Elections Canada response to the Rhinoceros Party</b>
<p>It is a shame that public financing of political parties was cancelled in 2015 and never brought back. This financing serves to fight corruption and collusion between political parties, the government and government contractors. It also serves to limit the impact of big contributors in decision making and laws voted on by Parliament.</p> <p>I wrote personally to Minister Gould and she replied that the current system works very well.</p> <p>I am very disappointed by the current government's position on this issue and am afraid that a government even more opposed to the idea will be elected soon.</p> <p>Secondly, it would be desirable for Elections Canada to have regulatory powers, somewhat like the CRTC. We are caught between a chicken and a hard place: we are waiting for political parties elected to government to write laws that do not benefit them while they are in power, whereas we should have laws that benefit the common good.</p>	<p>Elections Canada notes your comment; however, it is outside the scope of the current consultation.</p>

Comments received from the Commissioner of Canada Elections	Elections Canada response to the Commissioner of Canada Elections
We are in agreement with the content of the proposed handbook.	Elections Canada notes your comment.

The following parties did not submit comments to Elections Canada regarding OGI 2019-02:

- Alliance of the North
- Animal Protection Party of Canada
- Bloc Québécois
- Christian Heritage Party of Canada
- Communist Party of Canada
- Conservative Party of Canada
- Libertarian Party of Canada
- Marijuana Party
- National Citizens Alliance
- New Democratic Party
- People's Party of Canada
- Progressive Canadian Party