

Political Financing Handbook for  
**Leadership Contestants  
and Financial Agents**  
EC 20195

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*About This Document*

Introduction to the Political Financing Handbook for Leadership  
 Contestants and Financial Agents..... **i**  
 Contact information ..... **ii**

*Tables and Reminders*

Important deadlines for the leadership contestant’s campaign ..... **iv**  
 Contribution limits summary ..... **v**  
 Transfers – types and rules ..... **vi**  
 Reporting requirements for the leadership contestant’s  
 campaign..... **vii**  
 Important reminders for leadership contestants, financial agents  
 and leadership campaign agents .....**viii**

**CHAPTER 1**

*Starting the Leadership Contestant’s Campaign*

Introduction ..... **1**  
 1.1 Notice of leadership contest..... **1**  
 1.2 How to become a leadership contestant ..... **1**  
 1.3 What has to be done at the beginning of the leadership  
 contest ..... **4**  
     Appoint a financial agent ..... **4**  
     Appoint leadership campaign agents ..... **5**  
     Appoint an auditor ..... **6**  
     Open a bank account ..... **7**  
     When can a leadership campaign start accepting contributions or  
     incurring expenses? ..... **8**

**CHAPTER 2**

*Leadership Campaign Inflows*

Introduction ..... **9**  
 2.1 Contributions ..... **9**  
     Definitions ..... **9**  
     Contribution rules ..... **11**  
     Administering contributions ..... **14**  
 2.2 Loans..... **17**  
     Getting a loan ..... **17**  
     Administering loans ..... **18**  
     Repaying a loan..... **19**

	Unpaid loans .....	19
	2.3 Transfers .....	20
	Transfer types .....	20
	Transfers to the leadership contestant .....	20
	Administering incoming transfers .....	20
	2.4 Other cash inflows .....	21
	Administering other cash inflows .....	22
<b>CHAPTER 3</b>	<b><i>Leadership Campaign Outflows</i></b>	
	Introduction .....	23
	3.1 Leadership campaign expenses .....	23
	Leadership campaign expenses .....	25
	Use of parliamentary resources .....	28
	3.2 Contestant’s personal expenses .....	29
	Contestant’s personal expense categories .....	29
	3.3 Other leadership campaign expenses .....	31
	3.4 Administering leadership campaign expenses .....	32
<b>CHAPTER 4</b>	<b><i>Reporting Requirements</i></b>	
	Introduction .....	35
	4.1 Reporting timeline .....	36
	4.2 Mandatory documents and supporting documentation .....	37
	Leadership Contestant’s Registration Report .....	37
	Contestant’s Weekly Leadership Campaign Return .....	37
	Contestant’s Leadership Campaign Return .....	37
	Leadership Contestant’s Statement of Personal Expenses .....	38
	Auditor’s Report .....	39
	4.3 Submission to Elections Canada .....	40
	Filing deadline .....	41
<b>CHAPTER 5</b>	<b><i>Closing the Leadership Contestant’s Campaign</i></b>	
	Introduction .....	43
	5.1 Managing unpaid claims and loans .....	44
	5.2 Filing an amended leadership contestant’s return .....	45
	5.3 Disposing of surplus .....	46
	5.4 Closing the campaign bank account .....	48

**CHAPTER 6**

*Compliance and Enforcement*

Introduction ..... **49**  
6.1 Administrative Compliance Policy for Political Financing ..... **49**  
6.2 Commissioner of Canada Elections and Director of Public  
    Prosecutions ..... **51**  
6.3 Offences and penalties ..... **52**

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# *About This Document*

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## *Introduction to the Political Financing Handbook for Leadership Contestants and Financial Agents*

This handbook is designed to assist leadership contestants, financial agents and leadership campaign agents. It is a tool that will help in administering the contestant's campaign during the leadership campaign process.

This document is not intended to replace the *Canada Elections Act*. In all cases, the Act takes precedence over information and explanations provided in this handbook. How the Act applies to a particular case will depend on the circumstances of that case.

Elections Canada will review the contents of this handbook on a regular basis and make updates as required.

The handbook consists of six chapters:

1. Starting the Leadership Contestant's Campaign
2. Leadership Campaign Inflows
3. Leadership Campaign Outflows
4. Reporting Requirements
5. Closing the Leadership Contestant's Campaign
6. Compliance and Enforcement

The topics are presented in the order of a typical leadership campaign process.

## Contact information

Internet	<a href="http://www.elections.ca">www.elections.ca</a>
Telephone	<b>Political Financing Support Network</b> 1-800-486-6563  <b>Regular Hours</b> Monday to Friday 9:00 a.m. to 5:00 p.m. (Eastern Time)  <b>Extended Hours</b> Notifications regarding extended hours will be sent before reporting deadlines.  <b>Elections Canada General Inquiries</b> 1-800-463-6868
Fax	<b>Political Financing</b> 1-888-523-9333 (toll-free), or 1-613-990-2530
Mail	<b>Elections Canada</b> 257 Slater Street Ottawa, Ontario K1A 0M6
E-mail	<b>General Inquiries</b> <a href="mailto:info@elections.ca">info@elections.ca</a>  <b>Political Financing Inquiries</b> <a href="mailto:political.financing@elections.ca">political.financing@elections.ca</a>  <b>Electronic Financial Return (EFR) – Inquiries and Submissions</b> <a href="mailto:efr-rfe@elections.ca">efr-rfe@elections.ca</a>



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# *Tables and Reminders*

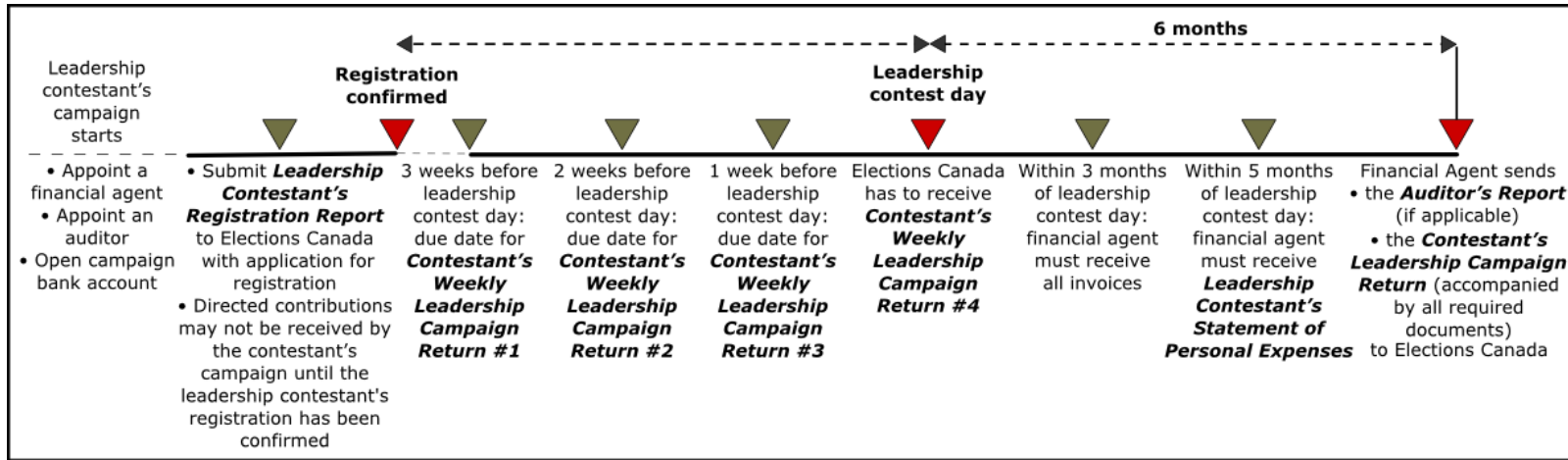
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The tables and reminders in this section are quick reference tools for the use of leadership contestants, financial agents and leadership campaign agents.

This section contains the following:

- Important deadlines for the leadership contestant's campaign
- Contribution limits summary
- Transfers – types and rules
- Reporting requirements for the leadership contestant's campaign
- Important reminders for leadership contestants, financial agents and leadership campaign agents

## Important deadlines for the leadership contestant's campaign



*Contribution limits summary*

<b>Contribution Limits*</b>		
<b>Political entity</b>	<b>2013 annual limit</b>	<b>Limit per event called between April 1, 2013, and March 31, 2014</b>
To each registered party	\$1,200	n/a
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,200	n/a
To each independent candidate	n/a	\$1,200
In total to all the leadership contestants in a particular contest	n/a	\$1,200
<p><b>Note:</b> An individual may contribute an additional \$1,000 to his or her own campaign as a nomination contestant or a candidate, as well as an additional \$1,000 to his or her own campaign as a leadership contestant.</p> <p>* The base amount is adjusted for inflation each year and rounded to the nearest \$100.</p>		

**Note:** Contributions made directly to the leadership contestant’s campaign are not eligible for tax receipts.

## Transfers – types and rules

This table shows the allowable monetary and non-monetary transfers between related registered political entities.

		TO									
		Nomination Contestant		Leadership Contestant		Candidate		Registered Electoral District Association		Registered Party	
		Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary	Monetary	Non-monetary
FROM	Nomination Contestant	No	No	No	No	Yes <sup>1</sup>	No	Yes <sup>2</sup>	No	Yes	No
	Leadership Contestant	No	No	No	No	No	No	Yes	No	Yes	No
	Candidate	Yes <sup>3</sup>	Yes <sup>3</sup>	No	No	No	No	Yes <sup>4</sup>	Yes <sup>4</sup>	Yes <sup>4</sup>	Yes <sup>4</sup>
	Registered Electoral District Association	No	Yes <sup>5</sup>	No	Yes <sup>5</sup>	Yes <sup>4</sup>	Yes <sup>4</sup>	Yes	Yes	Yes	Yes
	Registered Party	No	Yes <sup>5</sup>	No <sup>6</sup>	Yes <sup>5</sup>	Yes <sup>4</sup>	Yes <sup>4</sup>	Yes <sup>7</sup>	Yes <sup>7</sup>	No	No

<sup>1</sup> A contestant may transfer funds (but not property or services) to a candidate of the same party in the electoral district in which the contest was held.

<sup>2</sup> A registered association may receive transfers of funds exclusively from nomination contestants if the association held the nomination contest.

<sup>3</sup> Candidates may transfer property, services and funds to their own nomination contestant campaign for the same election.

<sup>4</sup> Monetary and non-monetary transfers are permitted after the candidate has been confirmed by the returning officer. After election day, monetary transfers are allowed only to pay claims related to the candidate’s campaign.

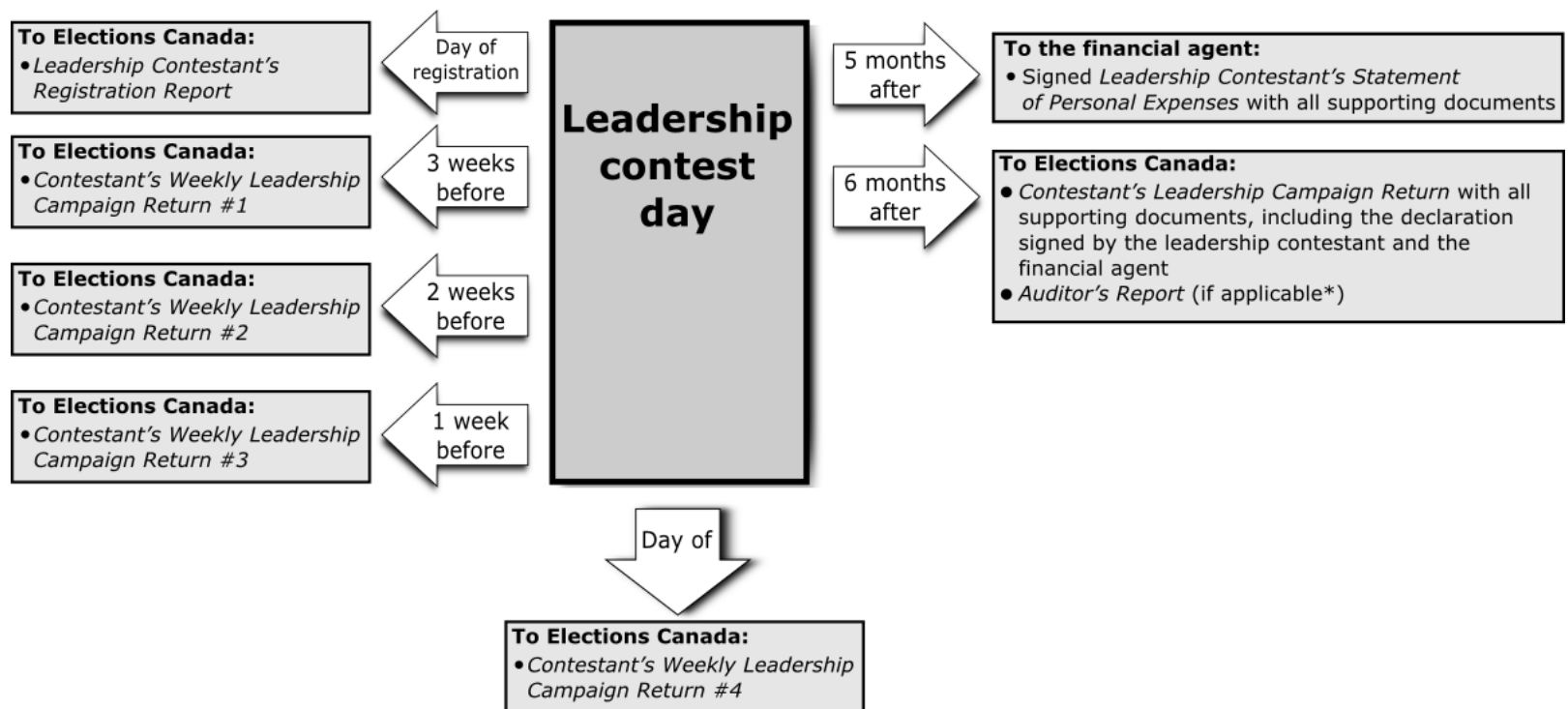
<sup>5</sup> Non-monetary transfers must be offered equally to all contestants.

<sup>6</sup> Directed contributions are the only exception: they are transferred to the leadership contestant.

<sup>7</sup> Registered parties may transfer property, services and funds to associations, whether registered or not.

**Note:** Independent candidates may not send or accept transfers of funds, property or services to or from other political entities.

## Reporting requirements for the leadership contestant's campaign



\* Applies to leadership contestants whose campaigns have accepted contributions totalling \$5,000 or more, or incurred leadership campaign expenses totalling \$5,000 or more.

**Note:** The auditor needs to have sufficient time to properly audit the *Contestant's Leadership Campaign Return* before the deadline. Therefore it is advised to give the completed return to the auditor well before the deadline of six months after contest day.

**When sending any original documents by mail, please ensure that you keep a copy for your records.**

*Important reminders for leadership contestants, financial agents and leadership campaign agents*

	<b>DO</b>	<b>DON'T</b>
<b>Before Contest Day</b>	<ul style="list-style-type: none"> <li>• Appoint a financial agent, who must open a bank account to be used exclusively for the campaign before any contribution is accepted or any expense is incurred.</li> <li>• Appoint an auditor who is accredited under provincial law to perform accounting services (CA, CGA, CMA).</li> <li>• Ensure that only the financial agent, any authorized leadership campaign agent or the leadership contestant incurs leadership campaign expenses.</li> <li>• Ensure that all monetary transactions go through the campaign bank account.</li> <li>• Issue receipts for each contribution over \$20.</li> <li>• For any expense of \$50 and over, keep the original invoice and proof of payment. For any expense of less than \$50, keep proof of payment plus a record of the nature of the expense.</li> </ul>	<ul style="list-style-type: none"> <li>• Do not allow anyone other than the financial agent, authorized leadership campaign agents or the leadership contestant to incur leadership campaign expenses.</li> <li>• Do not accept directed contributions from the registered party before the leadership contestant has registered with Elections Canada.</li> <li>• Do not allow anyone other than the financial agent or an authorized leadership campaign agent to pay for leadership campaign expenses.*</li> <li>• Do not accept contributions:               <ul style="list-style-type: none"> <li>○ from any source other than an individual</li> <li>○ from ineligible sources (foreign sources, corporations, etc.)</li> <li>○ that exceed an individual's contribution limits</li> <li>○ in cash that exceed \$20</li> </ul> </li> </ul>
<p><i>* Exceptions: A person authorized by the financial agent can pay expenses out of petty cash. The leadership contestant can pay leadership contestant's personal expenses.</i></p>		

	<b>DO</b>	<b>DON'T</b>
<b>After Contest Day</b>	<ul style="list-style-type: none"> <li>• Provide the <i>Leadership Contestant's Statement of Personal Expenses</i> to the financial agent no later than 5 months after contest day, even if it is a nil statement.</li> <li>• Submit the <i>Contestant's Leadership Campaign Return</i> and related documents within 6 months after contest day.</li> <li>• Ensure that all loan, overdraft and line of credit conditions, including repayment schedules, are submitted with the leadership contestant's return.</li> <li>• If there were contributions or campaign expenses totalling \$5,000 or more, allow your auditor sufficient time before the submission deadline to review financial documents and prepare the audit report.</li> <li>• Ensure that all claims and loans are paid within 18 months after the contest day.</li> <li>• After the campaign has met all its financial obligations, dispose of any surplus in compliance with the <i>Canada Elections Act</i>, and notify Elections Canada within 7 days of the disposal.</li> <li>• After all financial obligations are met and any surplus is disposed of, have the financial agent close the campaign bank account.</li> </ul>	<ul style="list-style-type: none"> <li>• Do not pay unpaid claims or loans later than 18 months after contest day without first obtaining Elections Canada's or a judge's authorization.</li> <li>• Do not close your campaign bank account until all financial obligations are met and any surplus is disposed of.</li> </ul>





# *Starting the Leadership Contestant's Campaign*

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**This chapter covers the following topics:**

- 1.1 *Notice of leadership contest*
- 1.2 *How to become a leadership contestant*
- 1.3 *What has to be done at the beginning of the leadership contest*

## *Introduction*

This chapter focuses on the beginning of the leadership contestant's campaign. It explains what is a leadership contest and who is eligible to become a leadership contestant.

The second part discusses in detail certain tasks that have to be completed at the beginning of the leadership campaign, such as appointing a financial agent and an auditor, and opening a bank account. These and other tasks are important to ensure efficient campaign administration and financial management.

## *1.1 Notice of leadership contest*

If a registered party decides to hold a leadership contest, the chief agent of the party has to notify Elections Canada about the start and end dates of the contest. A notice with that information is published on the Elections Canada website.

## *1.2 How to become a leadership contestant*

### **Definition**

From a political financing perspective, a person is deemed to be a leadership contestant from the date a contribution is accepted or a leadership campaign expense is incurred. This may occur before the person registers as a leadership contestant.

A person remains a leadership contestant until the campaign fulfills all financial reporting requirements.

**Note:** Before registration, only contributions made directly to the contestant's campaign may be accepted by the contestant's financial agent or authorized leadership campaign agents. These contributions are not eligible for tax receipts. After registration, the contestant's campaign may start receiving directed contributions through the registered party. For details about contribution types and rules, see Chapter 2, **Leadership Campaign Inflows**.

### Eligibility

The registered party holding a leadership contest sets the requirements that any person must meet to be a contestant.

Persons holding the following positions have to step down once they become leadership contestants:

- auditors of: candidates, nomination contestants, leadership contestants, registered parties, electoral district associations
- financial agents of leadership contestants
- leadership campaign agents

### Registration process

Every person who seeks to be elected leader of a registered party has to register with Elections Canada as a leadership contestant. Every person who accepts contributions or incurs expenses for his or her leadership campaign has to register as a leadership contestant even if he or she later decides not to run for the leadership.

The application for registration must include the following:

- the name of the leadership contestant
- the address of the place where the leadership campaign's records are maintained, and to where communications may be addressed
- the name and address of the leadership contestant's financial agent
- the name and address of the leadership contestant's appointed auditor

The following documents must accompany the registration:

- signed consent from the financial agent to act in that role
- signed consent from the auditor to act in that role
- a declaration signed by the chief agent of the registered party, certifying that the party accepts the applicant as a leadership contestant
- a statement of total contributions received directly by the contestant before the application for registration, including the number of contributors, and listing the names and addresses of those who contributed \$200 or more

Elections Canada maintains the registry of leadership contestants.

### The leadership contestant's responsibilities and obligations

The leadership contestant may accept a contribution or incur a leadership campaign expense before registering as a contestant, provided he or she has appointed a financial agent. The contestant has to appoint a financial agent and an auditor before filing the application for registration.

**Note:** Contributions directed through the registered party may not be accepted by the campaign until after the contestant has been registered with Elections Canada.

Within 30 days after a change in the information contained in the leadership contestant's registration, the contestant has to inform Elections Canada in writing about the change.

The leadership contestant must submit the signed *Leadership Contestant's Statement of Personal Expenses* and supporting documents to the financial agent within five months after contest day. The statement must include all personal expenses that were paid by the leadership contestant and not reimbursed by the financial agent.

**Note:** The leadership contestant must submit the signed *Leadership Contestant's Statement of Personal Expenses* even if his or her personal expenses were nil.

If a leadership contestant withdraws from the contest after registration, he or she has to send a signed statement to Elections Canada, indicating the date of withdrawal. If the registered contestant is withdrawn by the registered party, the party's chief agent has to send a written statement to Elections Canada, indicating the date of withdrawal.

The registered leadership contestant who withdraws still has to fulfill the reporting requirements up to the date of withdrawal, but is relieved of the weekly reporting obligations for any period after the withdrawal. However, he or she must submit the *Contestant's Leadership Campaign Return* to Elections Canada. For details about financial reporting, see Chapter 4, **Reporting Requirements**.

### 1.3 What has to be done at the beginning of the leadership contest

Other tasks also have to be completed at the beginning of the leadership contest. The order in which the tasks are completed may vary. This section presents a typical sequence of events.

#### Appoint a financial agent

##### Definition

The financial agent is responsible for administering the leadership contestant's financial transactions and reporting those transactions to Elections Canada as required by the *Canada Elections Act*.

The contestant may have only one financial agent at a time.

The financial agent's role continues until the contestant's campaign fulfills all financial reporting requirements.

##### Eligibility

Who can become a financial agent?

- Only an individual can become a financial agent. Corporations, partnerships, etc. are not eligible to act in this capacity.
- The individual has to be capable of entering into contracts in the province or territory in which he or she ordinarily resides.

**Note:** Although it is not a legal requirement, the individual who becomes a financial agent should be experienced in managing finances. The role requires a strong ability to control, record and administer financial transactions, as well as to create financial reports.

Who is not eligible to be a financial agent?

- a leadership contestant
- an election officer or a member of the staff of a returning officer
- an undischarged bankrupt
- an auditor appointed as required by the *Canada Elections Act*
- a person who is not qualified to be an elector
- a person who does not have the capacity to enter into contracts in the province or territory in which the person ordinarily resides

**Note:** If the selected person is already acting in another capacity for the same or another political entity, it is important to make sure that he or she is also eligible to act as the financial agent.

### Appointment process

The contestant has to appoint a financial agent before accepting a contribution or incurring a leadership campaign expense, or before registering as a contestant – whichever comes first.

The financial agent has to sign a statement consenting to act in that capacity. The statement has to be submitted to Elections Canada with the contestant's registration.

If for any reason the financial agent is no longer able to continue in that role, the contestant must appoint a new financial agent without delay and notify Elections Canada in writing within 30 days of the new appointment. The notice has to include a signed consent from the new financial agent.

### The financial agent's responsibilities and obligations

- The financial agent has to open a separate bank account in his or her name, to be used exclusively for the contestant's campaign. The *Open a bank account* section contains more information on the process of opening an account.
- All monetary transactions have to go through the bank account.
- Only the financial agent and other authorized leadership campaign agents can accept contributions to the contestant's campaign.
- The financial agent or other authorized leadership campaign agents must issue receipts for all contributions greater than \$20 made directly to the campaign.
- Only the financial agent, the contestant or authorized leadership campaign agents can enter into contracts and incur expenses in relation to the contestant's campaign.
- Only the financial agent or authorized leadership campaign agents can pay expenses in relation to the contestant's campaign. There are two exceptions: petty cash expenses can be paid by persons authorized by the financial agent, and the contestant can pay contestant's personal expenses.
- The financial agent has to prepare and submit financial returns as required by the *Canada Elections Act*.
- The financial agent has to manage unpaid claims and loans.
- The financial agent has to send an updated contestant's return or returns to Elections Canada as required.
- Finally, the financial agent has to dispose of any surplus, close the bank account, and provide Elections Canada with the *Leadership Contestant's Statement of Surplus* and the final bank statement.

### Appoint leadership campaign agents

#### Definition

A leadership campaign agent is appointed by the leadership contestant and is authorized to perform specific financial tasks during the campaign.

The leadership contestant may appoint one or more leadership campaign agents.

### Eligibility

Eligibility requirements for this role are the same as for the role of financial agent. In addition, the leadership contestant has to specify the terms and conditions of the appointment(s) in writing.

### Appointment process

The leadership contestant has to inform Elections Canada within 30 days about the appointment(s). The written notice has to be certified by the financial agent. It must include:

- the name and address of the leadership campaign agent(s)
- any terms and conditions that apply to the appointment(s)

### The leadership campaign agent's responsibilities and obligations

A leadership campaign agent may be authorized to perform one or more of the following tasks:

- accept contributions
- incur leadership campaign expenses
- pay leadership campaign expenses
- issue contribution receipts

### Appoint an auditor

#### Definition

The auditor examines the contestant's return and prepares a report that states the auditor's opinion as to whether the financial return presents the information contained in the financial records on which it is based.

The contestant may have only one auditor at a time.

#### Eligibility

Who can become an auditor?

- a person who is a member in good standing of a corporation, an association or an institute of provincially incorporated professional accountants
- a partnership of which every partner is a member in good standing of a corporation, an association or an institute of provincially incorporated professional accountants
- provincially incorporated professional accounting designations include: Chartered Accountant (CA), Certified General Accountant (CGA), Certified Management Accountant (CMA)

Who is not eligible to be an auditor?

- a candidate, as well as the official agent of that candidate or any other candidate

### 1.3 What has to be done at the beginning of the leadership contest

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- an election officer or a member of the staff of the returning officer
- the chief agent of a registered party or an eligible party
- a registered agent of a registered party
- electoral district agents of registered associations
- leadership contestants, their financial agents and leadership campaign agents
- nomination contestants and their financial agents
- financial agents of registered third parties

**Note:** If the selected person is already acting in another capacity for the same or another political entity, it is important to make sure that he or she is also eligible to act as the auditor.

#### **Appointment process**

The contestant has to appoint an auditor before registering as a contestant.

The auditor has to sign a statement consenting to act in that capacity. The statement has to be submitted to Elections Canada with the contestant's registration.

If for any reason the auditor is no longer able to continue in that role, the contestant must appoint a new auditor without delay and notify Elections Canada in writing within 30 days of the new appointment. The notice has to include a signed consent from the new auditor.

#### **The auditor's responsibilities and obligations**

The auditor has to prepare a report at the end of the leadership contest if the leadership contestant accepted contributions totalling \$5,000 or more, or incurred leadership campaign expenses totalling \$5,000 or more.

The auditor has a right to access all documents of the contestant, and may require the contestant or the contestant's financial agent to provide any information or explanation that is necessary to enable the auditor to prepare the report.

In accordance with generally accepted auditing standards, the auditor has to examine the campaign's financial records and give an opinion in a report as to whether the contestant's return presents fairly the information contained in the financial records.

#### **Open a bank account**

The financial agent has to open a separate bank account to be used exclusively for the contestant's campaign. This could happen before or after the contestant's registration. The account has to be in a Canadian financial institution or in an authorized foreign bank, as defined by the *Bank Act*. The financial agent must be named as the account holder.

All monetary transactions in relation to the leadership contest have to go through the campaign bank account. In other words, all monies received have to be deposited to the campaign bank account, including supplier refunds and

## Starting the Leadership Contestant's Campaign

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fundraising revenue. Similarly, all payments have to be made from the campaign bank account, except for payments from petty cash and payments for the contestant's personal expenses. The petty cash float is created by withdrawing cash from the campaign bank account.

After the contest, any unpaid claims, loans or surplus have to be dealt with. Once that has been done, the financial agent has to close the bank account and provide Elections Canada with a final bank statement.

**Note:** The bank account has to remain open until the campaign fulfills all financial obligations.

## When can a leadership campaign start accepting contributions or incurring expenses?

Before the start date of a leadership contest, a contestant's campaign can start accepting contributions made directly to that campaign and can start incurring expenses provided the following conditions are met:

- the leadership contestant has appointed a financial agent
- the financial agent has opened the campaign bank account

**Note:** Directed contributions cannot be received by the contestant's campaign until the leadership contestant's registration is completed.

For explanations of the rules and regulations with regard to contributions and leadership campaign expenses, see Chapter 2, **Leadership Campaign Inflows**, and Chapter 3, **Leadership Campaign Outflows**.



**This chapter covers the following topics:**

- 2.1 *Contributions*
- 2.2 *Loans*
- 2.3 *Transfers to the leadership contestant*
- 2.4 *Other cash inflows*

## *Introduction*

Before the campaign begins to receive inflows, the financial agent, leadership campaign agents and the leadership contestant should understand the types of inflows that can be received. This chapter defines the rules and procedures for receiving campaign inflows.

## *2.1 Contributions*

This section provides details and practical examples about contributions: Who can contribute what and how much? Is volunteer labour a contribution? What are the rules about anonymous contributions, ticketed fundraising events, and directed contributions received through the party?

In addition, this section provides basic information about how to administer contributions.

## **Definitions**

### **What is a contribution?**

A contribution is donated money (monetary contribution) or donated property or services (non-monetary contribution).

### **Monetary contribution**

A monetary contribution is an amount of money provided that is not repayable.

Monetary contributions include cash, cheques or money orders, credit card or debit card payments, and contributions made using online payment services.

### Non-monetary contribution

The amount of a non-monetary contribution is the commercial value of a service (other than volunteer labour) or of property, or the use of property or money, to the extent that they are provided without charge or at less than commercial value. This includes forgone interest on loans.

### What is commercial value?

Non-monetary contributions are recorded at commercial value. The commercial value is the lowest amount charged at the time that it was provided for the same kind and quantity of property or service, or for the same use of property or money, by:

- the person who provided it (if the person who made the contribution is in that business), or
- another person who provides that property or service on a commercial basis in the area (if the person who made the contribution is not in that business)

**Note:** If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in that business, the contribution amount is deemed to be nil.

### *Examples*

1. An individual who is not in the business of renting office supplies lends a photocopier to the campaign office for the duration of the leadership contest. The financial agent has to determine the commercial value of this non-monetary contribution by checking with local suppliers to see how much they would charge for renting similar equipment for the same period.
2. A self-employed individual in the business of providing information technology services offers to set up the computers in the campaign office and does not charge for the service. This is a non-monetary contribution from that person. The commercial value is equal to the lowest amount charged by that individual for the same kind of service of similar scope.

### Directed contribution

A directed contribution is a contribution made to a registered party, with a written request from the contributor that the amount, or part of it, be transferred to a particular leadership contestant. The amount directed to the leadership contestant is a contribution made by the contributor to the contestant's campaign and is subject to the contribution limit.

**Note:** The directed contribution is subject to the limit on contributions made to leadership contestants, not the limit on contributions made to the party.

### **Example**

An individual makes a \$300 contribution directly to the leadership contestant's campaign after she announces her intention to run in the next leadership contest. After the contestant's registration, the same individual makes another contribution, but this time sends a cheque for \$1,000 to the registered party with written instructions to transfer 50 percent of the amount to the leadership contestant. The party transfers \$500 to the leadership contestant. The individual has made contributions totalling \$800 to the leadership contestant, and \$500 to the registered party.

### **Volunteer labour**

Volunteer labour is any service provided free of charge by a person outside of their working hours. Volunteer labour is not a contribution.

**Note:** A service provided by a self-employed person who normally charges a fee for that service is a non-monetary contribution and not considered volunteer labour.

### **Examples**

1. A person who is employed at an accounting firm offers to work in the evenings in the campaign office to answer the phone and help with other office duties. This is volunteer labour and therefore it is not a contribution.
2. A self-employed graphic designer offers to design a pamphlet for the contestant free of charge. Because the person is self-employed and normally charges for that service, the pamphlet design is not volunteer labour. The commercial value of the service has to be recorded as a non-monetary contribution. In this case, the commercial value is the lowest amount the graphic designer normally charges for that service.

## **Contribution rules**

### **Who can contribute?**

Only individuals who are Canadian citizens or permanent residents can make a contribution to a registered party, a registered association, a candidate, a leadership contestant or a nomination contestant.

Any money that is used for the campaign out of the candidate's or the contestant's own funds is a contribution.

**Note:** Corporations, trade unions, associations and groups cannot make contributions.

**Contribution limits**

The *Canada Elections Act* imposes limits on contributions.

<b>Contribution Limits*</b>		
<b>Political entity</b>	<b>2013 annual limit</b>	<b>Limit per event called between April 1, 2013, and March 31, 2014</b>
To each registered party	\$1,200	n/a
In total to all the registered associations, nomination contestants and candidates of each registered party	\$1,200	n/a
To each independent candidate	n/a	\$1,200
In total to all the leadership contestants in a particular contest	n/a	\$1,200
* The base amount is adjusted for inflation each year and rounded to the nearest \$100.		

There are some exceptions to the limits on contributions:

- The limits do not apply to contributions that are made by way of an unconditional, non-discretionary testamentary disposition. In other words, the limit does not apply if a person leaves money to a political entity in his or her will without conditions.
- Candidates and nomination contestants can contribute an additional \$1,000 out of their own funds to their own campaigns. This amount is not indexed.
- In addition, if an individual is running as a contestant in a leadership contest that same year, the individual can contribute a further \$1,000 from personal funds to his or her campaign. This amount is not indexed.
- Fees collected for membership in a registered party of no more than \$25 per year for a period of no more than five years are not contributions. For example, a party could charge \$125 for a five-year membership without a contribution being made.

**Example**

A leadership contest is called in December and Max immediately contributes \$400 to a leadership contestant. In January Max contributes an additional \$800 to another contestant in the same contest. Max has now reached the per contest contribution limit and cannot make any further contribution to any of the leadership contestants in that contest.

**Note:** This example uses the \$1,200 limit applicable for events called between April 1, 2013 and March 31st 2014.

### Contributor identification

Depending on the amount and type of the contribution, the contributor's personal information has to be recorded as follows:

- The financial agent or authorized leadership campaign agents can accept anonymous cash contributions of \$20 or less.
- For contributions over \$20, the contributor's name has to be recorded.
- For contributions over \$200, the contributor's name and address have to be recorded.

**Note:** When recording a contributor's personal information, the full first and last name (initials are not acceptable) and the home address have to be recorded.

### Ineligible contributions

The financial agent and authorized leadership campaign agents are responsible for ensuring that contributions are in accordance with the rules set out in the *Canada Elections Act*. The following contributions are ineligible:

- cash contributions over \$20
- anonymous contributions over \$20
- contributions from corporations, trade unions, associations and groups
- contributions over \$200 for which the name and address of the contributor are not known
- contributions that exceed the limit
- indirect contributions (no individual shall make a contribution on behalf of another person or entity)
- contributions from an individual who is not a Canadian citizen or a permanent resident

### Returning ineligible contributions

The financial agent or a leadership campaign agent must not knowingly accept an ineligible contribution.

If the campaign receives an ineligible contribution, the financial agent has to return the unused contribution to the contributor within 30 days of becoming aware that it is ineligible. If that is not possible, the financial agent has to send a cheque for the amount of the ineligible contribution to Elections Canada, payable to the Receiver General for Canada. In the case of an ineligible non-monetary contribution, the financial agent has to send an amount equal to the commercial value of the property or service to the Receiver General for Canada.

### Returning anonymous contributions

If the financial agent or an authorized leadership campaign agent receives a contribution that is:

- over \$20 and the name of the contributor is not known, or
- over \$200 and the name and address of the contributor is not known,

## Leadership Campaign Inflows

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the financial agent has to send a cheque for the anonymous amount without delay to Elections Canada, payable to the Receiver General for Canada.

### **Examples**

1. The financial agent receives a cheque for \$300 from a contributor. When he enters the contribution in the books, he notices that the same person has already contributed \$1,000 to the contestant's campaign in the form of a directed contribution. Within 30 days, assuming the money has not been spent, the financial agent has to issue a cheque for the excess amount, \$100, and send it to the contributor.

**Note:** This example uses the \$1,200 limit is applicable to all leadership contests starting from April 1, 2013.

2. An individual makes a non-monetary contribution to the campaign by offering the use of an office space. The financial agent later realizes that the commercial value of renting the same office is higher than the contribution limit. The office has been used during the campaign, so he sends a cheque for the amount in excess of the contribution limit to Elections Canada payable to the Receiver General for Canada.

### **Ticketed fundraising**

If a fundraising activity is held for the primary purpose of soliciting monetary contributions through the sale of tickets, the amount of a ticket purchaser's monetary contribution is the difference between the price of the ticket and the fair market value of the benefit that the ticket entitles the purchaser to receive. The benefit received includes the fair market value of using a rented venue, the cost of dinner and entertainment, etc.

In order to be eligible for a tax receipt, the contribution must be sent to the party and directed to the leadership contestant.

**Note:** The fair market value of the production and distribution of materials promoting the event is not included in the benefit received because persons who attend the event would not benefit from such activities. Instead these would be considered leadership campaign expenses.

### **Sponsorship or advertising**

A transaction involving the receipt of money by a political entity in exchange for advertising or promotional opportunities directed at members or supporters of the political entity is not recognized as a commercial transaction. Any money received as part of such an arrangement is to be treated as a contribution that is subject to the contribution limit and eligibility rules.

## **Administering contributions**

### **Accepting contributions**

Only the financial agent or authorized leadership campaign agents can accept contributions to the contestant's campaign.

## Recording anonymous contributions

If anonymous contributions of \$20 or less are collected during an event related to the contest, the financial agent or a leadership campaign agent has to record:

- a description of the function at which the contributions were collected
- the date of the function
- the approximate number of people at the function
- the total amount of anonymous contributions accepted

Anonymous contributions of \$20 or less may also be received outside the context of a particular function. In that case the financial agent or a leadership campaign agent has to keep track of the total amount plus the number of contributors.

### Example

Campaign volunteers organize a wine and cheese event one evening in the campaign office, and invite local residents. Approximately 40 people show up. During the evening, the volunteers pass baskets around to collect cash contributions from the attendees. The financial agent informs the guests about the contribution rules: a maximum of \$20 can be accepted from any one individual as an anonymous cash contribution. At the end of the evening there is \$326 in the basket.

After the event, the financial agent has to record the following: the date and a description of the event, approximate number of people who attended (40), and the amount collected in anonymous contributions (\$326). The financial agent has to deposit the amount into the campaign bank account.

## Issuing contribution receipts

Receipts have to be issued for each contribution over \$20. Receipts can be issued by the financial agent as well as leadership campaign agents who are authorized to accept contributions made directly to the leadership contestant's campaign.

Receipts for directed contributions are issued by the registered party. These receipts may be used for income tax purposes.

**Note:** Receipts for contributions made directly to the leadership contestant's campaign cannot be used for income tax purposes.

## Recording directed contributions

It is the responsibility of the registered party to provide the leadership contestant's campaign with a *Statement of Directed Contributions Received and Transferred to a Leadership Contestant*. This form includes the name and address of each contributor, the amount and date of the contribution, the amount of the directed contribution, the amount that the party has transferred, and the date of the transfer.

The party and the leadership contestant must also report to Elections Canada any directed contributions received and the amounts transferred.

**Note:** Income tax receipts are available for directed contributions and are issued by the registered party.

**What to keep in mind when administering contributions**

Here are some important points to keep in mind when recording contributions or issuing receipts:

- A contribution received in the form of a cheque from a joint bank account has to be recorded under the name of the individual who signed the cheque. Contributions with joint names, such as "Mr. and Mrs. Smith," are not allowed.
- If a contribution is received through an online payment service, a processing fee might apply. The full contribution amount has to be recorded as a contribution and the processing fee has to be recorded as a leadership campaign expense. For example, if the campaign receives a \$500 contribution through an online payment service and the net deposit to the campaign bank account is \$490, the financial agent or the authorized leadership campaign agent has to record a contribution of \$500 and an expense of \$10.
- If the campaign receives a cheque from a partnership, the partnership has to provide the following information in writing: names and home addresses of individual contributors, the voluntary nature of each contribution, who it is intended for, and the amount of each contribution. The instructions must be signed and dated by each contributor. Each contributing partner's share of any partnership draw should also be reduced by the amount of that partner's contribution.
- A contribution from an unincorporated sole proprietor has to be recorded in the individual's name (not the business name), using the contributor's home address.



## 2.2 Loans

Loans are often used as a source of financing.

It is important that the leadership contestant, the financial agent and the leadership campaign agents manage the campaign finances properly and ensure that all loans are repaid.

This section discusses how loans are received, reported and repaid.

### Definition

A loan is a sum of money loaned to an entity, with an agreement that it will be repaid with interest.

### Getting a loan

A leadership contestant's campaign may receive loans from any entity:

- an individual
- a financial institution
- a registered party
- a registered electoral district association
- any other organization

There is no limit to the amount a campaign can borrow, but it is important to create a budget and manage campaign funds carefully. During the campaign, the leadership contestant, the financial agent and the leadership campaign agents are responsible for budget control. They must make sure that any loans are repaid.

### Loan interest

The financial agent must report the interest rate of each loan in the loans section of the *Contestant's Leadership Campaign Return*.

Interest on loans incurred after the start of the leadership contest is a leadership campaign expense, whether the interest is paid or accrued.

If the interest rate on the loan is lower than the market interest rate, the financial agent will need to record the forgone interest as a non-monetary contribution from the lender.

**Note:** If the lender is not in the business of lending money and the forgone interest is \$200 or less, the non-monetary contribution is deemed to be nil.

### **Example**

The contestant receives an \$8,000 loan from a family member, who is not in the business of lending money. The family member offers an annual interest rate of 1 percent, which is 2 percent lower than the market interest rate. The contestant repays the loan three months after the lending date.

If the family member is not in the business of lending money and a simple annual interest rate is used, the amount of the forgone interest is \$40 ( $\$8,000 \times 2\% \times 3/12$ ). The non-monetary contribution therefore is deemed to be nil and does not need to be recorded.

### **Demand loans**

A demand loan is a loan with no specific payment deadline. It is due whenever the lender demands to be repaid. To report a demand loan, a loan agreement has to be submitted with the contestant's return. It is recommended that the agreement include a maximum term for the repayment. In the absence of a maximum term in the agreement, Elections Canada will impose a maximum term for the repayment when approving the repayment more than 18 months after contest day.

### **Overdraft and line of credit**

If overdraft protection or a line of credit is used, it has to be recorded as a loan at the maximum amount overdrawn.

The financial agent has to include the following information when reporting an overdraft or a line of credit:

- the maximum amount overdrawn
- the name and address of the financial institution
- the interest rate charged
- any conditions attached, such as service charges or the guarantor's name

### **Example**

The campaign bank account has overdraft protection of \$1,000. The account goes into overdraft by \$200 and the financial agent pays back \$100 within the same day. Later on that day, the financial agent withdraws another \$400 from the bank account, bringing the highest amount overdrawn during the campaign to \$500.

The overdraft amount to be reported is \$500. The financial agent has to report this amount in the *Details of operating loans* section of the contestant's return.

### **Administering loans**

The financial agent has to include the following information when reporting a loan:

- the full name and address of each lender (The lender is whoever entered into an agreement with the campaign to provide funds.)
- the full name of the guarantor of the loan, if any (In the event the guarantee is fulfilled, the amount guaranteed would be a contribution subject to the rules regarding eligibility and limits.)
- the interest rate charged
- the principal of the loan

- a repayment schedule and any terms and conditions of the loan

## Repaying a loan

Loans may be paid off any time up to 18 months after contest day.

Loan repayments made more than 18 months after contest day require authorization from Elections Canada or a judge. Generally, Elections Canada requires that a loan be repaid within a set time, according to a repayment schedule or on a specific date. The authorization to pay a loan may be subject to additional terms and conditions considered appropriate by Elections Canada.

If the *Contestant's Leadership Campaign Return* is submitted with a repayment schedule that goes beyond 18 months after contest day, Elections Canada will treat the submitted schedule as an application to repay a loan more than 18 months after contest day.

Elections Canada will review the loan repayment schedule and notify the financial agent that loan repayments may be made in accordance with the submitted repayment schedule, or that additional documentation is required.

If Elections Canada refuses the authorization request, or the contestant is unable to comply with the terms and conditions imposed by Elections Canada, the contestant, the financial agent or the lender may apply to a judge of a superior court for authorization to pay the amount. Elections Canada has to be notified of such an application.

## Unpaid loans

Failure to repay a loan within 18 months after contest day or within an extended timeline granted by Elections Canada or a judge is an offence. After confirming the status of unpaid loans with the financial agent, the list of loans that are still unpaid 18 months after contest day is published on the Elections Canada website.

## 2.3 Transfers

### Definition

A transfer is a provision of funds, property or services between political entities of the same political affiliation. A transfer is not considered to be a contribution, and contribution rules therefore do not apply.

Transfers are permitted only between related political entities (registered party, electoral district association, candidate, leadership or nomination contestant) of the same political affiliation.

However, not all types of entities are authorized to provide all types of transfers. For a quick reference guide to eligible and ineligible transfers, see the *Transfers – types and rules* table in the **Tables and Reminders** section.

### Transfer types

A monetary transfer is a transfer of funds. A non-monetary transfer is a transfer of property or services.

### Transfers to the leadership contestant

The following transfers may be accepted after the contestant's registration:

- property or services from the registered party or any registered association of the registered party, as long as it is offered equally to all contestants
- funds in the form of directed contributions from the registered party (For details about directed contributions, see Section 2.1, **Contributions.**)

### Administering incoming transfers

The financial agent has to include the following information when reporting a transfer in the *Contestant's Leadership Campaign Return*:

- the full name of the affiliated political entity
- the date the transfer was received
- the commercial value of the property or services received

## 2.4 Other cash inflows

All monies flowing through the campaign bank account have to be reported. In addition to contributions, loans and transfers (described in the previous sections), a campaign may receive the following cash inflows: the non-contribution portion of fundraising revenue, bank interest, refunds from suppliers, the returned portion of any cash advances, the proceeds from the sale of assets, and all other sources of cash inflows.

Inflow type	Description	Example
<b>Non-contribution portion of fundraising revenue</b>	<p>The inflows recorded for fundraising activities are:</p> <ul style="list-style-type: none"> <li>the contribution portion (see Section 2.1, <b>Contributions</b>), recorded as a contribution</li> <li>the difference between the selling price and the contribution, recorded as other inflow</li> </ul>	John Smith holds a ticketed fundraiser in support of his campaign. The ticket price for the fundraiser is \$200, and the fair market value of the benefits received is \$75. The contribution made by each individual ticket purchaser is \$125. The amount to be recorded as other inflow is the fair market value of the benefits received – that is, \$75.
<b>Bank interest earned</b>	Interest earned on the campaign bank account must be recorded as other inflow, along with the date received.	At the end of the month, the bank deposits \$1.50 of interest into the campaign bank account. The financial agent has to record this amount as other inflow.
<b>Refunds from suppliers</b>	If a refund is received from suppliers, the financial agent has to record the refunded amount as other inflow.	<p>The financial agent purchases 20 reams of paper for use in the campaign office, at a total cost of \$60. Near the end of the campaign, the financial agent returns 5 unused reams of paper and receives a \$15 refund from the supplier. The financial agent has to record this amount as other inflow.</p> <p>The \$15 is also offset from the original expense in the expenses section and classified as an amount not included in leadership campaign expenses.</p>
<b>Returned cash advances</b>	If the campaign advanced funds for travel or other expenses, the unused returned portions must be recorded as other inflow.	The financial agent gives \$200 to an authorized person for travel expenses. At the end of the campaign, there is \$50 left over and the financial agent deposits this amount into the campaign bank account. The financial agent records the \$50 as other inflow.
<b>Sale of assets</b>	<p>If the campaign sells any of its assets, the amount received must be recorded as other inflow.</p> <p>The sale proceeds do not reduce the commercial value of the asset, which is reported at the lower of the purchase price or the cost to rent a similar asset.</p>	At the beginning of the campaign, the financial agent purchases two brand new computers at a cost of \$2,000. After contest day, the financial agent sells the two computers for the amount of \$1,500. This amount is recorded as other inflow.

### **Administering other cash inflows**

For the inflows described in the preceding table, the financial agent has to record:

- the date the cash inflow was received
- the provider of the cash inflow, if applicable
- a description of the cash inflow

**This chapter covers the following topics:**

- 3.1 *Leadership campaign expenses*
- 3.2 *Contestant's personal expenses*
- 3.3 *Other leadership campaign expenses*
- 3.4 *Administering leadership campaign expenses*

## Introduction

The campaign will incur various expenses as an incidence of the leadership contest. The expenses fall into two categories: leadership campaign expenses and the contestant's personal expenses. This chapter defines the expenses, explains the rules governing them and gives examples to explain the commonly encountered expense types.

Section 3.4 of the chapter explains how to administer expenses. Who can incur expenses? Who can pay expenses? Why do non-monetary contributions and transfers also have to be recorded as leadership campaign expenses? What kind of documentation is required to ensure accurate reporting and compliance with the *Canada Elections Act*? These questions are dealt with here.

## 3.1 Leadership campaign expenses

**Definition**

Leadership campaign expenses are expenses reasonably incurred by or on behalf of the leadership contestant as an incidence of the leadership campaign.

Leadership campaign expenses for property or services used during the contest period are reported separately from those used outside the contest period.

**Note:** The leadership contest period starts on the date the contest is called and ends on contest day.

## Leadership Campaign Outflows

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The *Canada Elections Act* does not set limits on the amount of leadership campaign expenses. A registered party may formulate internal rules to set its own limits, but Elections Canada does not enforce those limits.

Expenses include:

- amounts paid
- liabilities incurred
- the commercial value of donated property and services (other than volunteer labour)
- the difference between an amount paid or liability incurred and the commercial value of the property or services (when they are provided at less than their commercial value)

The financial agent has to report the amount charged to the campaign for a leadership campaign expense. Generally this amount is the commercial value of the property or service received.

Commercial value is the lowest amount charged at the time that it was provided for the same kind and quantity of property or service or for the same use of property or money by:

- the person who provided it (if the person who made the contribution is in that business)
- another person who provides that property or service on a commercial basis in the area (if the person who made the contribution is not in that business)

Commercial value is generally the amount charged in a store for an item or a service.

If the campaign purchases a property or service from an individual for less than the commercial value, the financial agent has to report the difference as a non-monetary contribution from the individual.

**Note:** The campaign may purchase property or services for less than commercial value from individuals only, because only individuals can make contributions.

If the campaign receives a property or service from an affiliated political entity for less than the commercial value, the financial agent has to report the difference as a non-monetary transfer from the affiliated political entity. For a discussion of contributions and transfers, see Chapter 2, **Leadership Campaign Inflows**.

**Note:** A non-monetary transfer from the registered party or registered association is allowed as long as it is offered equally to all contestants.



**Example**

A self-employed Web designer offers to design the leadership contestant's website for a discounted price. He charges \$400 instead of his regular fee of \$700. The financial agent records the commercial value, which is the amount the Web designer normally charges for his work (in this case \$700) as a leadership campaign expense. He also records the difference between the commercial value and the actual amount paid (\$300) as a non-monetary contribution from the Web designer.

## Leadership campaign expenses

The following are examples of typical leadership campaign expenses.

### Advertising – traditional media

Advertising is the transmission of an advertising message promoting the leadership contestant's campaign.

The commercial value of advertising conducted as an incidence of a leadership campaign, including the cost of production and distribution, is to be reported as a leadership campaign expense.

**Example**

The financial agent purchases flyers and mails them to party members. The commercial value of these flyers, including the design, printing and distribution, is a leadership campaign expense.

### Advertising – use of social media and the Internet

The term "social media" designates online tools and platforms that allow users to publish and share content on the Web.

The rules governing the use of social media for advertising are the same as the rules applied to other forms of advertising. All expenses related to the design, development and distribution of online advertising, or to a website used during a leadership campaign, must be reported as leadership campaign expenses.

**Note:** If someone modifies a pre-existing website for leadership campaign purposes and performs the work for free, the person providing the service has to be eligible under the contribution and transfer rules or meet the definition of volunteer labour.

**Examples**

1. The contestant's campaign hires a design firm to create a website promoting the contestant. The commercial value of the website design is a leadership campaign expense, together with the fees for hosting the website.
2. A group page has been created for the contestant on a free social networking site. Volunteers manage the page and post articles related to the contestant's campaign. As long as the volunteers are helping outside their regular working hours and are not self-employed in the business of managing social media, the volunteer labour is not a leadership campaign expense.

### Assets

If the contestant's campaign purchases an asset and uses it for leadership campaign purposes, the value of the asset recorded as a leadership campaign expense is the lower of the commercial value of renting a similar asset for the same period or the purchase price.

For low-value items such as office supplies, the full purchase price (the commercial value) must be recorded.

An asset might be received in the form of a contribution from an individual. In that case, the commercial value of the asset has to be recorded as a non-monetary contribution. The amount to be recorded as a leadership campaign expense is the lower of the commercial value of renting a similar asset for the same period or the purchase price. The remaining amount, if any, is recorded as an other leadership campaign expense.

**Note:** Amortization may not be used as a method of calculating the commercial value of the use of the asset.

**Note:** Assets purchased during the campaign should be disposed of at the end of the campaign. They can be sold, or else transferred to the party or association.

### Examples

1. The contestant's campaign buys a computer from a local office supplier for \$1,000. The computer is used for six months. Renting a similar computer for six months would cost \$80 per month. The leadership campaign expense is calculated using the rental fee:  $\$80 \times 6 = \$480$ . The remaining amount (\$520) is recorded under other leadership campaign expenses in the leadership contestant's return. At the end of the campaign, the financial agent should transfer the computer (or else sell it and transfer the funds) to the registered party or the registered association.
2. The financial agent pays \$100 at a discount store for the purchase of a refurbished fax machine. The equivalent rental rate for the time period the fax machine was in use would have been \$600. The financial agent records \$100 as a leadership campaign expense because in this case the purchasing price (\$100) is less than the rental rate would have been.

### Renting a campaign office

The campaign may rent an office for the contestant's campaign. The rent during the contest period has to be recorded as a leadership campaign expense. The rent incurred outside of the contest period has to be recorded as an other leadership campaign expense.

### Installation costs and other office expenses

Installation costs incurred for items used during the campaign are leadership campaign expenses, even if the installation takes place before the contest is called, as long as the item itself is a leadership campaign expense.

Other office expenses include the cost of buying office supplies such as paper or toner cartridges, or supplying refreshments during meetings. The cost of these is a leadership campaign expense.

## Surveys

The commercial value of surveys or research is a leadership campaign expense.

### **Example**

Before the contest was called, the financial agent engaged Accurate Polling Inc. to conduct a survey. The results of the survey were used during the campaign. Once the survey was completed, the financial agent paid Accurate Polling Inc. \$1,538.42, issuing a cheque from the campaign bank account. The financial agent recorded the amount as a leadership campaign expense, and kept the invoice to submit it later with the contestant's return.

## Compensation

The contestant may decide to pay compensation to campaign workers. The compensation paid to these individuals for work related to the leadership campaign is a leadership campaign expense.

### **Example**

The contestant decides to pay a salary of \$2,500 to her financial agent for work related to the leadership campaign. This amount has to be reported as a leadership campaign expense.

## Expenses of volunteers

Actual incidental expenses of volunteers (for example, refreshments, lodging or transportation incurred as an incidence of the campaign) are considered leadership campaign expenses. These expenses are paid by the campaign and have to be reported in the contestant's return.

For more details about volunteer labour, see Chapter 2, **Leadership Campaign Inflows**.

If a volunteer pays for an actual incidental expense incurred as an incidence of the leadership campaign, the amount must be reported as a non-monetary contribution and a leadership campaign expense. However, if the amount is \$200 or less and the person is not in the business of providing the service, the non-monetary contribution is deemed to be nil, and no expense has to be reported.

### **Example**

Late one night during the campaign, volunteers help in the campaign office to prepare hundreds of flyers for mailing. A volunteer orders pizza and drinks, and pays \$83.50 to the pizza delivery person. Since this amount is less than \$200, the non-monetary contribution is deemed to be nil.

## Expenses of senators and elected members

If a senator or another elected member of the House of Commons or any provincial legislature campaigns on behalf of the contestant, the expenses related to that person's involvement in the campaign are leadership campaign expenses and have to be authorized in advance by the financial agent, the contestant or an authorized leadership campaign agent. Any travel expense has to be reimbursed using

## Leadership Campaign Outflows

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campaign funds or accepted as a non-monetary contribution if paid by an eligible contributor.

### **Use of parliamentary resources**

Members of Parliament should exercise caution in the use of publicly funded resources, because the use of these resources constitutes a contribution subject to the contribution limit from the member of Parliament.

### **Compensation**

If employees on the staff of an elected member engage in political activities to support the member as a leadership contestant, the employees' salaries are leadership campaign expenses and non-monetary contributions from the elected member. However, if the employees work on the contestant's campaign outside normal business hours or are on leave, their involvement is volunteer labour. Volunteer labour is any service provided free of charge by a person outside of their working hours. It does not include a service provided by a self-employed person who normally charges for that service.

### **Elected members' websites**

Members of Parliament may have websites that are designed and maintained using parliamentary resources. If the elected member is running as a contestant and modifies the website to promote his or her leadership campaign, the expenses related to the website – including the initial design, maintenance and hosting – are leadership campaign expenses and non-monetary contributions from the elected member.

**Note:** The use of Parliamentary resources may also be governed by other rules, including those imposed by the House of Commons.

## 3.2 Contestant's personal expenses

### Definition

This section deals with the personal expenses of a contestant that are reasonably incurred in relation to his or her leadership campaign. These expenses are also regulated by the *Canada Elections Act* and they must be reported. The contestant's personal expenses include:

- travel and living expenses
- child care expenses
- expenses related to the provision of care for a person with a physical or mental incapacity for whom the contestant normally provides such care
- in the case of a contestant who has a disability, additional personal expenses that are related to the disability

### Incremental expenses

The contestant's personal expenses have to be incurred as an incidence of the leadership campaign. They may include new expenses or increases in normally incurred expenses. In other words, they have to be expenses that the contestant would not normally incur if there was no leadership contest.

#### **Example**

The expenses of day-to-day meals in the contestant's home are not related to the campaign because meals are consumed regularly outside the contest period. On the other hand, if the contestant has to travel because of the campaign, he or she might incur meal expenses during the trip. A \$50 dinner consumed by the contestant while travelling is recorded as the contestant's personal expense.

### Contestant's personal expense categories

The following are examples of typical personal expenses that the contestant might incur in relation to his or her campaign.

#### Travel and living

The contestant might incur travel and living expenses as an incidence of the campaign. If he or she travels to meet supporters, the travel and lodging expenses incurred during the trips are personal expenses of the contestant.

If the contestant uses a personal vehicle for travel, the contestant may submit receipts for gas and other expenses, or may submit a mileage log. The mileage log should contain the following information: the date, the point of origin, the destination, the kilometres travelled and the purpose of travel. Elections Canada follows the kilometric rates established by the Treasury Board of Canada.

An important point is that the expenses of campaign workers and volunteers accompanying the contestant, or assisting the contestant during events, are considered leadership campaign expenses – not the contestant's personal expenses.

## Leadership Campaign Outflows

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**Note:** The travel claim has to be either for actual expenses, such as fuel and rental costs, or else for mileage. The claim cannot be for both.

### **Examples**

1. The contestant takes commercial flights in relation to the campaign to meet with supporters across the country. The contestant's airfare plus costs for hotels and meals during the trip are personal expenses.
2. The contestant travels with leadership campaign agents who are volunteers. The expenses associated with the campaign agents' airfare, lodging and meals during the trip are leadership campaign expenses.

### **Child care**

The contestant might engage in campaign activities during the daytime or evenings, or on weekends. Child care expenses incurred as an incidence of the contest are incremental expenses because they would not normally occur if there was no leadership contest. The additional child care cost is a personal expense of the contestant.

### **Care for a person with a physical or mental incapacity**

If the contestant normally provides care for a person with a physical or mental incapacity, additional care might be needed for the times when the contestant is engaged in campaign activities. The cost of additional care is a personal expense of the contestant.

### **Expenses related to a disability**

In the case of a contestant with a disability, the additional personal expenses that are related to the disability, and are reasonably incurred as an incidence of the contestant's campaign, are personal expenses of the contestant.

### **Example**

The contestant has a disability that requires the services of a caregiver when the contestant travels. This person accompanies the contestant on trips during the campaign. The expenses of this additional care are personal expenses of the contestant.

### 3.3 Other leadership campaign expenses

Leadership campaigns typically incur expenses for property or services used before or after the contest period. These expenses must be reported because they must be paid for using campaign funds, or they must be accepted as non-monetary contributions or transfers.

These expenses have to be reported in Part 3a, column 8 of the *Contestant's Leadership Campaign Return*.

For a discussion of reporting, see Chapter 4, **Reporting Requirements**.

**Note:** The leadership contest period starts on the date the contest is called and ends on contest day.

Most of the typical leadership campaign expenses could also be incurred for property or services used outside the contest period:

- rent before or after the contest period
- any inventory or asset that was never used during the contest period and remains on hand after contest day
- interest on loans accrued before the contest was called or after contest day
- expenses associated with fulfilling the various reporting obligations after contest day, as set out in the *Canada Elections Act*

### 3.4 Administering leadership campaign expenses

The financial agent and authorized leadership campaign agents are responsible for recording leadership campaign expenses and keeping receipts and invoices, as required by the *Canada Elections Act*. All supporting documentation will have to be submitted to Elections Canada with the contestant's return.

#### Who can incur expenses?

Only the financial agent, the leadership contestant or authorized leadership campaign agents can incur leadership campaign expenses.

#### Who can pay expenses?

Only the financial agent and authorized leadership campaign agents can pay leadership campaign expenses. There are two exceptions to this rule:

- Personal expenses of the contestant can be paid by the contestant.
- Expenses can be paid from the petty cash by a person authorized in writing by the financial agent. (The financial agent must set the maximum amount that may be paid from the petty cash.)

#### Non-monetary contributions or transfers are also recorded as expenses

When a non-monetary contribution is made and the donated property or service is used for campaign purposes, the financial agent must record the commercial value of the property or service as a leadership campaign expense, as well as a contribution.

**Note:** If the commercial value of a non-monetary contribution is \$200 or less, and it is from an individual not in that business, the contribution is deemed to be nil and consequently no expense has to be reported.

A non-monetary transfer received by the contestant's campaign has to be recorded by the financial agent as a leadership campaign expense as well as a transfer. The leadership campaign expense reported is the commercial value of the property or service received.

**Note:** A non-monetary transfer from the registered party or registered association is allowed as long as it is offered equally to all contestants.

#### **Example**

An individual donates office supplies to the campaign, such as packages of paper, ink cartridges and binders. Buying the same items in the local stationery store would cost \$300; therefore this is the commercial value of the donated goods. The financial agent has to record the following: \$300 as a non-monetary contribution from the individual, and \$300 as a leadership campaign expense.



#### Invoices

If an expense of \$50 or more was incurred and paid on behalf of the leadership contestant, either the financial agent or the authorized leadership campaign agent who made the payment has to keep the supplier invoice and the proof of payment.

If an expense of less than \$50 was incurred and paid on behalf of the leadership contestant, either the financial agent or the authorized leadership campaign agent who made the payment must keep a record of the nature of the expense and the proof of payment.

The same documentation requirement applies to payments made from the petty cash.

**Note:** The deadline for submitting all invoices to the financial agent is three months after contest day.

#### Property or services provided by the party or the registered association

When property or a service is provided to the leadership contestant by the registered party or registered association, a copy of the original supplier invoice as well as the invoice from the party or association must be included with the contestant's return. The documentation should confirm the amount reported in the contestant's return.

#### Unpaid claims

All invoices for claims have to be submitted to the financial agent within three months after contest day.

Failure to repay a claim or debt within 18 months after the contest day or within an extended timeline granted by Elections Canada or a judge is an offence. After confirming the status of unpaid claims or loans with the financial agent, Elections Canada publishes on its website a list of unpaid claims and loans that remain unpaid 18 months after contest day.

For a detailed discussion of unpaid claims, see Chapter 5, **Closing the Leadership Contestant's Campaign**.

#### Administering the leadership contestant's personal expenses

As set out in the *Canada Elections Act*, the leadership contestant is responsible for keeping invoices and other documents in relation to his or her personal expenses.

The leadership contestant has to prepare the *Leadership Contestant's Statement of Personal Expenses* and submit it to the financial agent within five months after contest day. This statement should include all personal expenses incurred by the contestant that were not yet reimbursed from campaign funds. All invoices and receipts have to accompany the personal expenses statement. For details about

completing the personal expenses statement, see Chapter 4, **Reporting Requirements**.

**Note:** The contestant has to submit the *Leadership Contestant's Statement of Personal Expenses* even if the personal expenses were nil.

### Supporting documentation

The financial agent and leadership campaign agents must maintain proper books and records throughout the leadership contest to ensure accurate reporting and compliance with the *Canada Elections Act*.

The financial agent has to prepare the *Contestant's Leadership Campaign Return* and submit it to Elections Canada within six months after contest day. The contestant's return has to be accompanied by supporting documents, including the documents related to leadership campaign expenses:

- invoices and receipts
- bank statements
- deposit slips
- cancelled cheques
- third party invoices
- copies of loan agreements and repayment schedules
- contribution receipts
- copies of contracts or salary agreements
- rental agreements
- mileage logs
- any other relevant documents

For details about completing the contestant's return, see Chapter 4, **Reporting Requirements**.

**This chapter covers the following topics:**

- 4.1 *Reporting timeline*
- 4.2 *Mandatory documents and supporting documentation*
- 4.3 *Submission to Elections Canada*

## *Introduction*

The responsibilities of the leadership contestant and his or her financial agent do not end on contest day. There are financial reports to be completed and filed with Elections Canada. This chapter outlines what they are, when they need to be filed and the supporting documentation that has to accompany each report.

**Note:** Elections Canada has developed free software to assist with the preparation of financial returns: the Electronic Financial Return (EFR) software. The EFR software is downloadable from the Elections Canada website.

## Reporting Requirements

### 4.1 Reporting timeline

The *Canada Elections Act* requires certain financial reports to be completed and submitted by set deadlines. Financial forms are available on the Elections Canada website.

Deadline	Who is responsible	Mandatory documents	Submit to whom
Date of registration	Leadership contestant and Financial agent	<ul style="list-style-type: none"> <li>Leadership Contestant's Registration Report</li> </ul>	Elections Canada
3 weeks prior to contest day	Financial agent	<ul style="list-style-type: none"> <li>Contestant's Weekly Leadership Campaign Return #1</li> </ul>	
2 weeks prior to contest day	Financial agent	<ul style="list-style-type: none"> <li>Contestant's Weekly Leadership Campaign Return #2</li> </ul>	
1 week prior to contest day	Financial agent	<ul style="list-style-type: none"> <li>Contestant's Weekly Leadership Campaign Return #3</li> </ul>	
Contest day	Financial agent	<ul style="list-style-type: none"> <li>Contestant's Weekly Leadership Campaign Return #4</li> </ul>	
5 months after contest day	Leadership contestant	<ul style="list-style-type: none"> <li>signed Leadership Contestant's Statement of Personal Expenses, with all supporting documents</li> </ul>	Financial agent
6 months after contest day	Financial agent	<ul style="list-style-type: none"> <li>Contestant's Leadership Campaign Return, with all supporting documents, including the declaration signed by the leadership contestant and the financial agent</li> <li>Auditor's Report, if applicable*</li> </ul>	Elections Canada
* Applies to leadership campaigns that have accepted contributions totalling \$5,000 or more, or incurred leadership campaign expenses totalling \$5,000 or more.			

**Note:** Within 30 days after a change in the information contained in the leadership contestant's registration, the contestant has to inform Elections Canada in writing about the change.

**Note:** The *Canada Elections Act* does not allow extensions to submission of the *Contestant's Weekly Leadership Campaign Return* under any circumstances.

## 4.2 Mandatory documents and supporting documentation

### Leadership Contestant's Registration Report

Along with the application for registration at the beginning of the campaign, a leadership contestant has to submit the *Leadership Contestant's Registration Report*. The report contains the following information:

- details of contributions received before the registration date
- details for all loans incurred by the campaign

### Contestant's Weekly Leadership Campaign Return

The *Contestant's Weekly Leadership Campaign Return* is a mandatory document to be submitted weekly over a four-week period of the leadership contest. The return covers the following:

- Declaration
  - contest information
  - administrative information about the leadership contestant and the financial agent
  - leadership contestant's and financial agent's signatures, attesting to the completeness and accuracy of the return
- Contributions, returned contributions, transfers and loans received
- Transfers sent to the registered party or a registered association

The first return reports the inflows and outflows for the period beginning on the first day of the leadership contest and ending on the day that is four weeks before the end of the contest. The next three reports cover the following three weeks leading up to contest day.

**Note:** If the contest period is less than four weeks, weekly returns are required only for those weeks included in the contest period.

### Contestant's Leadership Campaign Return

The *Contestant's Leadership Campaign Return* has to be completed and sent to Elections Canada within six months after the end of a leadership contest. The return covers the following:

- Declaration
  - contest information
  - administrative information about the leadership contestant and the financial agent
  - leadership contestant's and financial agent's signatures, attesting to the completeness and accuracy of the return
- Cash inflows
- Cash outflows

## Reporting Requirements

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- Summary and cash reconciliation

Along with the *Contestant's Leadership Campaign Return*, the financial agent has to provide supporting documents:

- invoices and receipts
- bank statements
- deposit slips
- cancelled cheques
- third party invoices
- copies of loan agreements and repayment schedules
- contribution receipts
- copies of contracts or salary agreements
- rental agreements
- mileage logs
- any other supporting documents

**Note:** After the leadership contestant's return has been submitted, Elections Canada may contact the financial agent to request additional supporting documents during the review of the contestant's return.

## Leadership Contestant's Statement of Personal Expenses

The leadership contestant is responsible for the *Leadership Contestant's Statement of Personal Expenses*. The leadership contestant has to complete this statement and submit it to the financial agent within five months after contest day. The financial agent must then submit the statement to Elections Canada within six months after contest day, together with the *Contestant's Leadership Campaign Return*.

The statement lists the contestant's personal expenses that were reasonably incurred in relation to his or her campaign and have not been reimbursed by the campaign. It must be completed even if the leadership contestant's personal expenses were nil.

Personal expenses paid by the leadership contestant must be reported in the contestant's return. They may be paid by the financial agent or an authorized leadership campaign agent, accepted as a non-monetary contribution from the contestant, or reported as an unpaid claim.

For details about unpaid claims, see Section 3.4, **Administering leadership campaign expenses** and Section 5.1, **Managing unpaid claims and loans**.

The contestant's personal expenses include:

- travel and living expenses
- child care expenses

- expenses related to the provision of care for a person with a physical or mental incapacity for whom the candidate normally provides such care
- in the case of a candidate who has a disability, additional personal expenses that are related to the disability

For details on the personal expense categories, see Section 3.2, **Leadership contestant's personal expenses**.

Along with the *Leadership Contestant's Statement of Personal Expenses*, the leadership contestant must submit proof of payment for all personal expenses, as well as supporting invoices for personal expenses of \$50 or more.

### **Auditor's Report**

The *Auditor's Report* has to be filed with Elections Canada if the leadership contestant received contributions totalling \$5,000 or more, or incurred leadership campaign expenses totalling \$5,000 or more. The financial agent is responsible for ensuring that this report is completed and submitted to Elections Canada within six months after the end of the leadership contest.

After the financial agent has completed the leadership contestant's return, the auditor verifies that the information in the return accurately presents the information in the financial records kept by the financial agent during the campaign. The *Auditor's Report* contains the auditor's opinion as to whether the completed *Contestant's Leadership Campaign Return* presents this information.

Since the *Auditor's Report* is a mandatory document, it is very important for the financial agent to give the auditor enough time to properly audit the *Contestant's Leadership Campaign Return* before the deadline. Therefore it is advised to give the complete leadership contestant's return to the auditor well before the deadline for submission, which is six months after contest day.

**Note:** The *Canada Elections Act* does not provide for a subsidy for the auditor's fee.

### 4.3 Submission to Elections Canada

When documents are filed with Elections Canada, they have to be duly signed. The documents requiring signatures are:

- the *Contestant’s Weekly Leadership Campaign Return* - to be signed by the financial agent and the leadership contestant
- Part 1: Declaration in the *Contestant’s Leadership Campaign Return* – to be signed by the financial agent and the leadership contestant
- the *Leadership Contestant’s Statement of Personal Expenses* – to be signed by the leadership contestant
- the *Auditor’s Report* – to be signed by the auditor, if applicable

**Note:** The *Auditor’s Report* has to accompany the *Contestant’s Leadership Campaign Return* if the leadership contestant accepts contributions totalling \$5,000 or more, or incurs leadership campaign expenses totalling \$5,000 or more.

The leadership contestant’s return may be completed and submitted in a number of ways.

Completed how	How to submit	Where to send documents
<b>Paper forms</b>	Send signed mandatory documents by courier, mail, fax or e-mail (in PDF format) to Elections Canada. Send all required supporting documentation to Elections Canada by mail or courier.	<b>E-mail:</b> efr-rfe@elections.ca <b>Mail:</b> Elections Canada 257 Slater Street Ottawa, Ontario K1A 0M6
<b>EFR</b>	EFR creates a submission file of the return. Send the submission file to Elections Canada in an e-mail generated by EFR. Send the documents requiring signatures and the required supporting documentation to Elections Canada by fax, mail or courier. <b>Note:</b> For more information on EFR submissions, please consult the <i>EFR User Guide</i> available within the EFR software.	<b>Fax:</b> Political Financing 1-888-523-9333 (toll-free) or 1-613-990-2530

With your submission, please remember to give your name, role (financial agent), electoral district and political affiliation, if applicable. It is recommended to keep a copy of all documents submitted to Elections Canada.



## Filing deadline

The *Canada Elections Act* specifies deadlines for submitting reports. You must seek authorization from Elections Canada or a judge to file after the deadline.

If the financial agent cannot submit the *Contestant's Leadership Campaign Return* with all mandatory documents by the deadline, the financial agent or the leadership contestant may apply to Elections Canada for authorization to submit the return and declarations within an extended period of time. However, the request has to be received by Elections Canada before the deadline.

**Note:** After the deadline has passed, only a judge may grant an extension.

The *Application for Extension of Filing Deadline* form should be used to apply for an extension. Elections Canada may grant an extension if the reason for the delay is acceptable under the *Canada Elections Act*.

## Court extension

If Elections Canada refuses to authorize an extension, or the financial agent or the leadership contestant is unable to file the required documents within the extended period, the leadership contestant or the financial agent may apply to a judge for an extension.

**Note:** The *Canada Elections Act* does not allow extensions to the deadline for submitting the *Contestant's Weekly Leadership Campaign Return* under any circumstances.

**Reporting Requirements**

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# Closing the Leadership Contestant's Campaign

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**This chapter covers the following topics:**

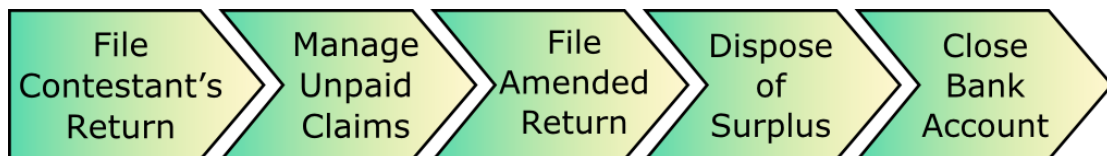
- 5.1 *Managing unpaid claims and loans*
- 5.2 *Filing an amended leadership contestant's return*
- 5.3 *Disposing of surplus*
- 5.4 *Closing the campaign bank account*

## Introduction

Once the leadership contestant's reporting requirements are met, it is time to close the leadership contestant's campaign. This chapter explains what has to take place before the financial agent can close the campaign bank account and subsequently the leadership contestant's campaign.

The financial agent has to manage unpaid claims and loans, and dispose of any surplus in accordance with the rules and timelines of the *Canada Elections Act*. In addition, the financial agent has to inform Elections Canada about these transactions by requesting authorization to pay unpaid claims and loans, and by submitting an amended leadership contestant's return or a statement of surplus.

Once all unpaid claims, loans and any surplus have been dealt with, the financial agent can close the campaign bank account and send the final bank statement to Elections Canada.



## 5.1 Managing unpaid claims and loans

This section explains the rules governing unpaid claims and loans. The *Canada Elections Act* defines the deadlines for submitting invoices and issuing payment for them.

All invoices for claims have to be submitted to the financial agent within three months after contest day and paid within 18 months after contest day.

**Note:** The contestant's personal expenses are an exception. They have to be submitted to the financial agent five months after contest day.

If an invoice is not received within three months after contest day, or a claim or loan is still unpaid 18 months after contest day:

- before paying it, the financial agent has to seek authorization from Elections Canada or a judge

**Note:** A judge's authorization is required if Elections Canada refused to authorize the payment or if the payment was not made within the time frame authorized by Elections Canada.

- after paying the claim or loan, the financial agent has to file an updated contestant's return within 30 days of the payment

### Authorization to pay claims after 18 months

The following persons may submit a written application to be paid or to pay a claim later than 18 months after contest day:

- the claimant
- the financial agent
- the contestant

Authorization for payment of the amount claimed is needed from Elections Canada. Authorization may be given if:

- the invoice or other documentation providing evidence of the claim was not sent within three months after contest day, or
- the payment was not made within 18 months after contest day

Elections Canada may impose any term or condition on the authorized payment.

### Claims unpaid after the deadline

Failure to repay a claim or loan within 18 months after contest day or within an extended timeline granted by Elections Canada or a judge is an offence. After confirming the status of unpaid claims or loans with the financial agent, Elections Canada publishes on its website a list of unpaid claims and loans that remain unpaid 18 months after contest day.

## 5.2 Filing an amended leadership contestant's return

An amended *Contestant's Leadership Campaign Return* has to be filed with Elections Canada to:

- correct errors or omissions, or
- report payments of unpaid claims or loans made after the original return was submitted

### **Correction requested by Elections Canada**

On reviewing the leadership contestant's return, Elections Canada may request the contestant or his or her financial agent to correct the contestant's return within a specified period.

In some cases, Elections Canada auditors may correct the contestant's return if the correction does not materially affect the substance of the return.

### **Amendment initiated by the leadership contestant or the financial agent**

In certain circumstances there is a need to amend the leadership contestant's return:

- Information has to be corrected in the original return.
- An update is required as a result of a transaction performed since the original return was filed. For example, an unpaid claim or loan was paid.

The leadership contestant or the financial agent has to submit a written request for authorization to file an amended return or to pay an unpaid claim or loan.

- Elections Canada may authorize a correction to be submitted within a specified period.
- An updated return must be submitted within 30 days of the payment of claims or final payment of loans.

Submitting a full return is not necessary. Only the new or corrected data has to be submitted to Elections Canada, with a declaration signed by the leadership contestant or the financial agent.

#### **Example**

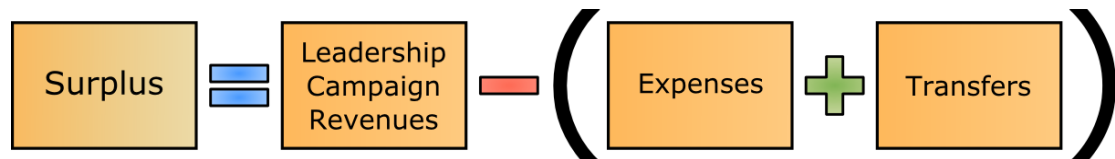
The Elections Canada auditor notices that the deposits in the leadership campaign's bank account exceed the inflows reported in the contestant's return. The auditor calls the contestant's financial agent and asks her to find out the cause of the discrepancy. It is determined that a contribution was omitted from the contestant's return. The financial agent then has to request authorization and file an amended contestant's return within the period specified by Elections Canada.

### 5.3 Disposing of surplus

The money left in the campaign bank account after all the financial obligations have been met constitutes the surplus of the leadership campaign.

#### Definition

The surplus amount of leadership campaign funds is the amount by which the contestant's leadership campaign revenues exceed the total of the expenses paid and transfers made by the contestant's campaign.



Leadership campaign revenues include:

- monetary contributions, including directed contributions, made to the leadership contestant
- any other amount that was received by the contestant for his or her leadership campaign, including bank interest and refunds from suppliers

For the purposes of surplus calculation, expenses include all expenses that were paid using campaign funds:

- leadership campaign expenses and the contestant's personal expenses

Transfers made by the contestant's campaign include:

- any funds that the contestant's campaign transfers to a registered party or a registered association

### **Notice of estimated surplus by Elections Canada**

After the review of the leadership contestant's return, in some cases it is determined that the contestant has a surplus of leadership campaign funds. Elections Canada sends a notice about the estimated amount of the surplus to the contestant's financial agent.

The financial agent has to dispose of the surplus within 60 days of receiving the notice.

### **If financial agent is aware of a surplus**

If the financial agent is aware of a surplus of leadership campaign funds but has not yet received a notice from Elections Canada, the financial agent has to dispose of the surplus within 60 days after filing the *Contestant's Leadership Campaign Return*.

### **How to dispose of a surplus**

Surplus funds have to be transferred to the registered party holding the leadership contest or to a registered association of that party.

### **Leadership Contestant's Statement of Surplus**

The financial agent has to submit the *Leadership Contestant's Statement of Surplus* within seven days of disposing of the surplus. The statement notifies Elections Canada of the amount and date of disposal of the surplus, and to whom the surplus was transferred.

**Note:** Elections Canada publishes the notice referring to the disposal of the surplus on its website.

## *5.4 Closing the campaign bank account*

Once all unpaid claims and loans and any surplus have been dealt with in accordance with the *Canada Elections Act*, the financial agent has to close the campaign bank account.

The financial agent has to send the final statement of the bank account to Elections Canada.



**This chapter covers the following topics:**

- 6.1 *Administrative Compliance Policy for Political Financing*
- 6.2 *Commissioner of Canada Elections and Director of Public Prosecutions*
- 6.3 *Offences and penalties*

## Introduction

Elections Canada recognizes that instances of non-compliance with requirements of the *Canada Elections Act* need to be addressed in a manner that adequately reflects the seriousness of the non-compliance and its impact on the integrity of the political financing regime.

## 6.1 Administrative Compliance Policy for Political Financing

### Introduction

The *Administrative Compliance Policy for Political Financing* recognizes that many breaches of the political financing provisions of the *Canada Elections Act* are more appropriately dealt with through administrative compliance measures rather than by formal referrals to the Commissioner of Canada Elections.

### Guiding principles

The policy is administered by the Compliance Assistance Unit of the Political Financing Sector at Elections Canada.

If the following factors apply, an instance of non-compliance may be addressed by administrative compliance measures rather than a formal referral to the Commissioner:

- The non-compliance does not affect the integrity and fair administration of the political financing regime.
- The non-compliance is not of such a nature as to warrant public censure.
- The circumstances of the non-compliance are such that formal enforcement is not required for the purposes of future deterrence.
- The application of the policy to the instance of non-compliance can be determined on the basis of the factual information available, without any investigation being required.
- The non-compliance does not undermine public perception of a fair and equal operation of the compliance process.

### Applicability criteria

Before administrative compliance measures are resorted to, the following criteria should be met:

- Elections Canada has received no other referral concerning the breach of a requirement of the *Canada Elections Act* by the same person or entity.
- No evidence suggests that the person or entity has intentionally acted contrary to the Act.
- The breach does not involve any unusual circumstances.

### Administrative compliance measures

In most cases, Elections Canada will issue a letter outlining the non-compliance and explaining the requirements of the *Canada Elections Act* for future reference. Elections Canada may also use other means to provide the required information on the application of the Act.

## *6.2 Commissioner of Canada Elections and Director of Public Prosecutions*

The Commissioner of Canada Elections is appointed by the Chief Electoral Officer. Both the Commissioner and the Director of Public Prosecutions have responsibilities for compliance and enforcement under the *Canada Elections Act*. The Commissioner assesses each case brought to his or her attention in light of the Act, and the particular circumstances of the case. The Commissioner may then choose to initiate an investigation.

If the Commissioner believes that an offence has been committed under the *Canada Elections Act*, he or she may refer the matter to the Director of Public Prosecutions, who will decide whether to initiate a prosecution. A prosecution for an offence under the *Canada Elections Act* must be instituted within 5 years after the day on which the Commissioner becomes aware of the facts giving rise to the prosecution, and not later than 10 years after the day on which the offence was committed.

In addition to referring matters for possible prosecution to the Director of Public Prosecutions, the Commissioner may also apply for injunctions and enter into compliance agreements to ensure compliance with the *Canada Elections Act*. In an effort to educate and promote compliance with the legislation, the Commissioner may issue a written warning to a person who may have committed an offence under the Act.

### 6.3 Offences and penalties

Penalties that a court may impose for violations of the *Canada Elections Act* are found in Part 19 of the Act.

Penalties for convictions depend on the nature of the offence, whether the prosecution proceeds by way of summary conviction or indictment, and the seriousness of the offence. Many offences have penalties that can result in fines, imprisonment or both. Section 500 of the *Canada Elections Act* sets out the potential penalties on conviction by a court for a particular offence.

The *Canada Elections Act* also enables a court to impose additional penalties once a person has been convicted of an offence under the Act, in consideration of the nature of the offence and the circumstances surrounding its commission. In addition to any other penalty, a person may be ordered to:

- perform community service
- pay an amount to the Receiver General for Canada if the offence resulted in a financial benefit
- compensate any other person who has suffered damages as a result of the commission of the offence
- perform any obligation the non-performance of which gave rise to the offence, or
- take any other reasonable measure that the court considers appropriate to ensure compliance with the Act

Certain offences, listed in section 502 of the *Canada Elections Act*, are designated by the Act as illegal or corrupt practices. In the case of persons convicted of such practices, the Act provides for further penalties. In addition to any other penalty that may be imposed, a person who is convicted of one of these offences loses the right to be a candidate in a federal election, sit as a member in the House of Commons, or hold any office to which the incumbent is appointed by the Crown or the Governor in Council. These additional penalties apply for five years in the case of an illegal practice, and for seven years in the case of a corrupt practice.