



Political Financing

Program of International Study

Objectives of Political Financing Regulations

- To maintain public trust
- To provide a level playing field

Key Features of the Legislative Framework

- Registration of political entities
- Expense and contribution limits
- Public funding
- Reporting and public disclosure
- Compliance and enforcement

Registration

- Key to tracking money in the system
- Registration entails both benefits and obligations
- Appointment of financial agents and auditors
- Allows clear accountability for inflows and outflows
- Participants not required to register can lead to unregulated money in the system

Expense Limits

- Limits demand for funds in political process
- Creates a level playing field
- Creates the necessity for controls
- Must be perceived as reasonable by political participants and the public
- Index with inflation
- Limit applies to specific time period

There's a limit to how much you can give.
Il y a des limites à tout.



Candidate Election Expenses 39th GE

Political Entity	Average Election Expenses Limit	Average Election Advertsing Expenses	Average Total Election Expenses
Candidates (MP)	\$ 81,159	\$ 33,514	\$ 62,155
Candidates (10% +)	\$ 81,055	\$ 26,786	\$ 47,651
Candidates (< 10%)	\$ 81,202	\$ 2,264	\$ 3,942
Candidates (All)	\$ 81,122	\$ 15,514	\$ 30,763

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Party Election Expenses 39th GE

Political Entity	Average Election Expenses Limit	Average Election Advertising Expenses	Average Total Election Expenses
Party (with MPs)	\$ 14,877,878	\$ 6,703,543	\$ 13,379,616
Party (2% +)	\$ 15,557,958	\$ 5,390,853	\$ 10,885,889
Party (< 2%)	\$ 1,469,210	\$ 3,603	\$ 12,222
Party (All)	\$ 6,165,459	\$ 1,799,353	\$ 3,636,777

Third Parties

- Persons or groups who engage in election advertising (other than a political entity)
- Expense limit for the 39th GE was \$175,800 nationally or \$3,516 per ED
- There were 80 third parties registered for the 39th GE, 66 reported expenses
- Average spending was \$16,177
- Highest amount spent was \$126,788

Contribution Limits

- Reduce undue influence
- Who can contribute?
- Control both monetary and in-kind
- Use of an individual's own funds for their campaign
- Loans and unpaid claims – deemed contributions?
- Receipts issued for all contributions

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Contribution Limits

Political entity	Annual Limit	Limit per event
Registered Party	\$1,100	n/a
Registered association, nomination contestant and candidate of a registered party	\$1,100	n/a
Independent candidate	n/a	\$1,100
Leadership contestant	n/a	\$1,100

Public Funding

- Enhances level playing field
- Enhances financial stability of political parties
- Direct Public Funding (more on next slide)
- Indirect public funding and other benefits
 - Tax credits
 - Access to broadcasting time
 - Access to government resources – maps, lists of electors

Amount of Direct Public Funding

- Party quarterly allowances \$27.2M per year
- 39th GE party election expense reimbursement total \$27.2M
- 39th GE candidate election expense reimbursements total \$24.6M
- 39th GE candidate audit subsidies total \$1.2M
- 2008 EDA audit subsidies total \$0.8M

Reporting and Public Disclosure

- Enhances compliance with contribution and expense limits
- Goes hand-in-hand with effective enforcement
- Public disclosure creates a level of self-monitoring among participants
- All returns are posted on the Elections Canada Web site, www.elections.ca

What is Reported?

- Contributions – name and address of contributor for contributions in excess of \$200
- Expenses related to elections, leadership and nomination contests
- Loans, and any conditions on them
- Transfers between affiliated political entities
- Unpaid claims
- Financial Statements - Political Parties and Electoral District Associations

Compliance and Enforcement

- Independent review of financial reports for compliance
- Flexible system to address minor infractions
 - Late filings
 - Reporting errors and omissions
- Infractions referred to the Commissioner of Canada Elections

Compliance and Enforcement Tools

- Persuasion – information contacts, caution letters, communications with party
- Consent – acknowledgement, negotiation, compliance agreement, publication
- Adversarial – injunction, deregistration, investigation, referral for prosecution, publication of disposition and sentence

Conclusion

- System must continuously adapt to the political environment
- Public expectations must be met
- Balance struck between public and private funding
- Financial health of political entities must be maintained