



Changes to the *Election Finances Act* Bulletin 1 – December 2016

Introduction

The *Election Finances Act* has recently been amended by the Legislative Assembly of Ontario. The changes were enacted by Bill 2 on December 5, 2016. A copy of Bill 2 can be found on the website of the Legislative Assembly at: http://www.ontla.on.ca/web/bills/bills_current.do?locale=en.

The updated *Election Finances Act*, which incorporates these new provisions, can be found at: <https://www.ontario.ca/laws/statute/90e07>.

Please be advised that some material in the current Elections Ontario handbooks and guidelines for chief financial officers is no longer up to date. Elections Ontario will be issuing updated handbooks and guidelines in 2017.

In the meantime, Elections Ontario will issue bulletins over the coming weeks explaining the changes to the *Election Finances Act*. Our staff in the Compliance Division will also be able to answer specific inquiries that you have. If you have any question, please contact us at: electfin@elections.on.ca.

In particular, you should note that the amendments to the *Election Finances Act* include the following changes that come into effect January 1, 2017:

- Party and Constituency Quarterly Allowances will be paid starting in January 2017
- Corporate and Union contributions are prohibited and contribution limits are changed.
- New loans will be subject to more stringent requirements
- There are new restrictions and requirements for Fund-raising Events
- The activities of nomination contestants will be regulated **starting on July 1, 2017.**

Party and Constituency Quarterly Allowances

Eligible Political Parties - Quarterly Allowance

Name	Quarterly Allowance	Annual Amount for 2016
Green Party of Ontario	\$157,659.41	\$630,637.63
Ontario Liberal Party	\$1,263,774.37	\$5,055,097.49
Ontario NDP/NPD	\$776,189.32	\$3,104,757.26
PC Party of Ontario	\$1,022,973.86	\$4,091,895.43
Total	\$3,220,596.95	\$12,882,387.82

Eligibility Threshold

A party is eligible to receive a quarterly allowance if, in the last general election, it received:

- 2% of valid votes cast province wide, or
- 5% of valid votes cast in an electoral district where the party ran a candidate

Calculation of Quarterly Allowance

The allowance paid in each quarter is calculated by multiplying the quarterly rate for that year by the number of valid votes a party’s candidates received in the previous general election. The quarterly rates are shown below:

Year	Quarterly Rate
2017	\$0.678
2018	\$0.636
2019	\$0.594
2020	\$0.552
2021 (and future years)	\$0.510

Eligible Constituency Associations - Quarterly Allowance

Sample Electoral District

Candidate	% of Valid Votes for Candidate	Quarterly Allowance Paid to Constituency Association	Annual Amount Paid to Constituency Association
Party A	52%	\$3,299.49	\$13,197.97
Party B	40%	\$2,538.07	\$10,152.28
Party C	4.5%	\$285.53	\$1,142.13
Party D	2%	\$126.90	\$507.61
Party E	1.5%	<i>Not eligible</i>	<i>Not eligible</i>
Total	100%	\$6,250.00	\$25,000.00

- A quarterly amount of \$6,250 is assigned to each new electoral district, which is shared amongst qualifying constituency associations. **The total amount being paid to all constituency associations in 2017 will be \$3,050,000.00, which is calculated as follows: (\$6,250 x 4 quarters x 122 electoral districts).**

Eligibility Requirements

- The various constituency associations in an electoral district are apportioned a share of the quarterly amount of \$6,250 based on the percentage of the valid votes their party candidates received in the last election. A party candidate must have received 2% of the valid votes cast in order for that party's constituency association to qualify for the allowance.
- To receive the allowance, the constituency association's filings have to be complete for the preceding four years. Currently, about 25% of constituency association filings are not complete.

Calculation of Quarterly Allowance

- Unlike the party allowance, the quarterly constituency association allowance is not reduced over time – it is indexed and will increase starting in 2018.
- Because of redistribution, the number of ridings will grow from 107 to 122 (and possibly 123 or 124). For this reason, the candidate vote total percentages from the old electoral map are transposed on the new electoral map. **It is expected that at least 431 new constituency associations will be eligible to receive funding as there were 431 candidates in the previous election who received 2% of the valid votes cast in their electoral district.**

The breakdown by party is as follows:

Political Party	Candidates who received 2% or more of valid votes cast in the previous election
Freedom Party	1
Green Party of Ontario	103
Northern Ontario Party	1
Ontario Liberal Party	107
Ontario Libertarian Party	5
Ontario NDP/NPD	107
PC Party of Ontario	107
Total	431

Contributions

The individual contribution limit starting January 1, 2017 is as follows:

Contribution limits from January 1, 2017 to December 31, 2017						
	To a Political Party	To a Constituency Association and Nomination Contestants combined		To a Candidate	To a leadership Contestant	
Annual Limit	\$1,200	Each	To the Associations/ Contestants of one Party	Not permitted	\$1,200	
		\$1,200	\$1,200			
Campaign Period	No extra amount over the annual limit	No extra amount over the annual limit		Each	To the Candidates of one Party/Independent Candidates	Not applicable
				\$1,200	\$1,200	

Note: Limits to Nomination Contestants only apply on July 1, 2017.

Questions and Answers

Quarterly Allowances

Q When will eligible political parties be paid the quarterly allowance?

A The four eligible political parties will receive their allowance at the start of January 2017.

Q Which constituency associations qualify for an allowance, what will they be paid, and when will they be paid?

A Constituency associations will receive a notice in the New Year to tell them if they qualify for the allowance and, if they are not, be afforded an opportunity to bring themselves into compliance before March 31, 2017. The amount they are paid varies depending on the popular vote their candidate received in the last election.

Contributions

Q Can Corporations and trade unions continue to make political contributions?

A No, beginning on January 1, 2017 only individuals who are residents of Ontario can make contributions to political parties, constituency associations, candidate campaigns and leadership contestants registered in Ontario, and as of July 1, 2017 to nomination contestants.

Q What are the new contribution limits to a political party?

A The annual contribution limit to a political party is \$1,200.00. There is no additional amount that can be given during campaign periods.

Q What is the new contribution limit to a constituency association?

A The annual contribution limit to a constituency association is now \$1,200.00. This limit also includes contributions to nomination contestants registered on or after July 1, 2017.

Q What is the new contribution limit to a candidate's campaign?

A The contribution limit to a candidate's campaign is now \$1,200.00.

Q Are there contribution limits to leadership contestants?

A Yes, there are now contribution limits to leadership contestants, the contribution limit is now \$1,200.00.

Q Are contributions still eligible for a tax credit in Ontario?

A Contributions to political parties, constituency associations, candidates and leadership contestants are eligible for a tax credit. However, contributions made to nomination contestants are not eligible for a tax credit.

Q Will contributions received in January 2017 postage stamped on or before December 31st, 2016 be acceptable as a 2016 contribution?

A Yes, cheques for contributions received in the mail with an envelope postage stamp dated on or before Dec 31 can be treated as a 2016 contribution and reported on your 2016 annual financial statements. The 2016 contribution rules will apply to these contributions and the postage stamped envelope must be kept with your records.

Q What does "certification by donor" mean?

A Certification by donor means that when a person makes a contribution, at the time of the contribution the person's formal statement that the funds actually belong to them must be documented.

Loans

Q Loans are now required to be repaid in full within 2 years, does this apply to current loans?

A The new borrowing provisions apply to loans obtained after January 1, 2017 or changes to existing loans after that date. The time limit does not apply to an existing loan.

Q A guarantee will now be considered a contribution. Is there a limit on how much a guarantor can guarantee a loan?

A Yes, there is a limit on how much an individual can provide for a guarantee on a new loan. The limit is \$1,200.00 and is applied to their annual contribution limits.

Fund-raising Events

Q What are the new restrictions?

A There are new requirements which include:

- More detailed reporting in financial statements about the income generated at fund-raising events

- For parties with an electronic database, reporting on the holding of events on the Internet before an event is held
- Limits on contribution amounts at an event
- Attendance restrictions

Q What are the new attendance restrictions?

A The following people are prohibited from attending an event where the amount of the entry charge includes a political contribution:

- MPPs
- Leaders of registered political parties
- Nomination Contestants (starting on July 1, 2017)
- Candidates
- Leadership Contestants
- Premier's Office staff
- Staff in the Leader's Office of a recognized party in the Legislative Assembly
- Ministers' Chiefs of Staff

Q Can a candidate attend an event that is not for his or her direct benefit? In other words, can Candidate A attend a fund-raiser held solely for the benefit of Candidate B?

A No.

Q Can a candidate attend an event if there is no cover charge?

A. Yes. As long as making a contribution is not a condition of gaining entry, the candidate can attend.

Q Can a candidate attend an event if the cover charge is limited to the cost of hosting the event?

A. Yes. As long as making a contribution is not a condition of gaining entry, the candidate can attend.

Nomination Contests

Q When will Elections Ontario provide handbooks to the chief financial officers of nomination contestants?

A As nomination contests are not regulated before July 1, 2017, handbooks will be available shortly before that date. The new requirements governing nomination contestants will not apply before July 1, 2017

The Compliance Division is your contact for information about your obligations under the *Election Finances Act*.

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