



**Municipal political financing  
Political party leadership campaign**

# **Guide for the financial representative of a political party leadership candidate**



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# Introduction

This guide is intended for the financial representative of a party leadership candidate. Its purpose is to facilitate the application of division VI.1 of chapter XIII of title I of the *Act respecting elections and referendums in municipalities* (CQLR, c. E-2.2) on the financing of a political party leadership campaign. This guide may also be used by the official representative of a party for the purposes of administering a political party leadership campaign.

This document mainly explains the duties and responsibilities of these individuals.

The provisions of the *Act respecting elections and referendums in municipalities* governing the financing of a political party leadership campaign are numerous and call for constant attention. However, we believe that once you have carefully read this guide (followed by personalized consultations if necessary) you will be able to proficiently and adequately carry out your responsibilities in accordance with the provisions of the *Act*.

References to the provisions of the *Act respecting elections and referendums in municipalities* are provided under the headers. This guide is available on the Élections Québec website at the following address: **[electionsquebec.qc.ca](http://electionsquebec.qc.ca)**.

When it becomes necessary to interpret or apply the *Act respecting elections and referendums in municipalities*, it is essential to refer to the text published by the Éditeur officiel du Québec, which is available at the following address **[legisquebec.gouv.qc.ca](http://legisquebec.gouv.qc.ca)**.

**Introduction**

If you have questions about the provisions of division VI.1 in chapter XIII of title I of the *Act respecting elections and referendums in municipalities* (AERM) related to the responsibilities of the financial representative of a party leadership candidate and the official representative of an authorized political party, contact the personnel of the Direction du financement politique et des affaires juridiques d'Élections Québec, whose contact information is provided below.

**Direction du financement politique et des affaires juridiques**

Édifice René-Lévesque  
3460, rue de La Pérade  
Québec (Québec) G1X 3Y5

Telephone:

418-644-3570 (in the Québec City area)

1-866-232-6494 (toll free)

Email [financement-municipal@electionsquebec.qc.ca](mailto:financement-municipal@electionsquebec.qc.ca)

Website [electionsquebec.qc.ca](http://electionsquebec.qc.ca)



# 1

# General

## 1.1 Role of the political party

The party must set the rules for the leadership campaign and appoint a returning officer before candidates appoint their financial representative.

## 1.2 Political party leadership campaign

A political party leadership campaign takes place when the people who lead this party decide to order one or when the eligibility status or regulations of a party requires it. This campaign can end as soon as the nomination period ends, if only one candidate is running.

## 1.3 Required information relating to the political party leadership campaign

*(s. 499.1 and 499.2)*

Where an authorized political party decides to order a leadership campaign, the party leader (or the interim leader, where applicable) or the person designated in writing by the former must file a declaration with the Chief Electoral Officer stating:

- The name of the person designated to preside over the poll.
- The start date of the party leadership campaign.
- Deadline to apply.
- The date of the poll.
- The maximum amount of expenses allowed for candidates.

The Chief Electoral Officer can also ask the party to provide the document containing the by-law relating to the leadership campaign.

The party leader (or the interim leader, where applicable) or the person designated in writing shall also communicate in writing to the Chief Electoral Officer:

- The first and last names and domiciliary address of each candidate to the party leadership.
- The application date.
- The first and last names and domiciliary address of his or her financial representative.
- The written consent of that representative.

## 1.4 Payment made to the party by the financial representative of a candidate to participate in the campaign

In some cases, the party requires that anyone who wants to apply to become a candidate for a leadership campaign to pay a sum of money. This money is used to pay for goods and services provided by the party for the leadership campaign (for example, organizing debates). The candidate's financial representative must pay this sum of money with a cheque drawn from the campaign fund. Since this payment is considered a campaign expense, the financial representative shall record it on the candidate's return of leadership campaign income and expenses.

If this payment is greater than \$100, the financial representative must obtain a detailed invoice for the goods and services provided from the official representative of the party and attach this invoice to his or her return of leadership campaign income and expenses.

If, in accordance with section 499.11 of the *Act*, the candidate's financial representative must pay to the party an amount that exceeds the total amount of campaign expenses incurred by the official representative of the party, the party shall allocate that amount equitably between the financial representatives of each candidate who paid such amount.

## 1.5 Intention of becoming a candidate or a financial representative of a candidate

(s. 499.2)

Once a person demonstrates the intention of becoming a party leadership candidate, the person is treated as if he or she is a candidate, even if that intent is demonstrated before the start date of the leadership campaign or before the person's candidacy acceptance. It is also deemed that his or her financial representative will hold this position from the same moment.

This allows these two individuals to legally raise funds and incur expenses for the leadership campaign before the campaign begins.

This presumption does not exempt the person who wants to apply to become a candidate from submitting his or her nomination with the person designated to preside over the poll or from obtaining the signed consent of his or her financial representative to act in that capacity.

In addition, these individuals must comply with all provisions of division VI.1 of chapter XIII of title I, chapter XIII of the *Act respecting elections and referendums in municipalities* that relate to them in terms of the financing of a political party leadership campaign.

## 1.6 Register of party leadership candidates

(s. 499.3)

The Chief Electoral Officer shall keep a register of political party leadership candidates, their financial representatives, substitutes for those representatives, where applicable, the person designated to oversee the poll and the maximum amount of authorized expenses per candidate.

The Chief Electoral Officer shall make this register available to the public on his or her website.

## 1.7 Updating the register of political party leadership candidates

If a political party leadership candidate replaces his or her financial representative, the candidate must immediately notify the Chief Electoral Officer. The candidate must provide any other information required to update the register of candidates in writing to the Chief Electoral Officer.

## 1.8 Application for an inquiry

(s. 90.1)

The *Act respecting elections and referendums in municipalities* enacts that the Chief Electoral Officer may conduct an inquiry on party leadership campaigns on his or her own initiative or upon request. While no form is prescribed by the *Act* to apply for an inquiry to the Chief Electoral Officer, we recommend using the *Application for an inquiry* form available on the Élections Québec website, under the “Complaints” topic.

# 2

# Financial representative of a political party leadership candidate

## 2.1 Role

The financial representative of a political party leadership candidate is responsible for campaign financing and expenses and for filing the return of leadership campaign income and expenses.

Only that person and his or her assistants may incur or authorize leadership campaign expenses on behalf of the candidate.

Since this role is related to financing and the reconciliation of expenses, the financial representative should have accounting expertise or have an accounting-savvy assistant.

## 2.2 Appointment

*(ss. 499.2, 499.11 [which refers to s. 383], 385 and 455)*

### **Financial representative**

During a political party leadership campaign, candidates must have a financial representative. The latter must give his or her written consent to carry out such duties.

### **Assistant to the financial representative**

The financial representative of a political party leadership candidate may, with the candidate's approval, appoint a sufficient number of assistants and mandate them to incur or authorize campaign expenses up to the total amount set out in their nomination papers. The financial representative may change this amount at any time, in writing, prior to the submission of his or her return of leadership campaign income and expenses.

Any campaign expenses incurred by an assistant to the financial representative shall be deemed to have been incurred by the financial representative himself or herself, up to the amount set out in the deed of appointment.

The assistant must provide a detailed statement of expenses incurred or authorized by the assistant to the financial representative.

### Appointment requirements

Cannot be a financial representative, an assistant to this person someone who:

- Is not an elector of the municipality (s. 47, see text box below).
- Is candidate for office as a member of the council of a municipality.
- Is a party leader carrying on his or her activities in the territory of the municipality.
- Is a member of the election officers of the municipality or is employed by such a member.
- Is a civil servant or an officer of the municipality or of a mandatory body of the municipality.
- Is the Chief Electoral Officer or a member of his or her personnel.
- Is convicted of an offence constituting a corrupt electoral practice.

→ Is a qualified elector of the municipality any person who:

- Is of legal age;
- Is a Canadian citizen;
- Is not under curatorship;
- Has not been convicted of an offence constituting a corrupt electoral practice within the meaning of the *Act respecting elections and referendums in municipalities*, the *Act respecting school elections to elect certain members of the boards of directors of English-language school service centres* or the *Elections Act*.
- Complies with one of the two following conditions:
  1. is domiciled in the territory of the municipality and, for at least six months, in Québec;
  2. is, for at least 12 months, the owner of an immovable or the occupant of a business establishment, within the meaning of the *Act respecting municipal taxation located in the territory of the municipality*.

## 2.3 Resignation and replacement

*(s. 499.11, which refers to ss. 386 and 387)*

The financial representative of a political party leadership candidate who ascertains that he or she does not comply with the aforementioned conditions must resign immediately. If he or she resigns, regardless of why, he or she must notify the Chief Electoral Officer and the candidate in writing, indicating the resignation date. This notice should be submitted to Élections Québec's Direction du financement politique et des affaires juridiques.

Where the financial representative of a candidate dies, resigns or is no longer able to fulfil his or her obligations, the candidate shall immediately appoint another financial representative and notify the Chief Electoral Officer in writing. Similarly, he or she can dismiss the financial representative and appoint another.

The Chief Electoral Officer shall promptly inform the presiding officer whenever a financial representative is replaced.

If a candidate replaces his or her financial representative prior to polling day, the presiding officer shall notify each political party leadership candidate of the replacement.

## 2.4 Summary of the financial representative's responsibilities

The financial representative must:

- Manage the campaign funds and reconcile the amounts collected.
- Incur or authorize campaign expenses.
- Produce the return of campaign income and expenses.

# 3

# Manage the campaign funds and control the reconcile the amounts collected

## 3.1 Campaign funds

(s. 499.5)

All sums collected in accordance with the *Act respecting elections and referendums in municipalities* and constituting a campaign fund must be deposited in an account at a Québec branch of a bank, a trust company or a financial services cooperative. All campaign expenses of a candidate must be paid out of this fund, by cheque or debit card, by the financial representative or one of his or her assistants.

The financial representative must receive statements for this account. He or she must also receive the paid and cleared cheques or a copy of the face of the scanned cheques.

The **directive D-M-4.1** lists the information required to open an account.

### Setting up the campaign fund

(s. 499.5)

A candidate's campaign fund may consist of contributions, loans, revenues from activities and subsidiary revenue collected from political activities or events held for the purposes of the leadership campaign.

→ The financial representative of a candidate may not deposit any membership revenue from the sale of membership cards into the leadership campaign account.

The rules applicable to these funding sources are detailed in this chapter.



### Not sufficient funds (NSF) cheques

If a cheque that is received and deposited is subsequently returned to you by your financial institution marked “insufficient funds,” you must deduct the amount of this cheque from the total amount of your contributions. The fees you will have to pay to the financial institution will be included in your expenses.

#### Example

An elector gave you a \$100 cheque, which you deposited with all other contributions. The financial institution returns the cheque to you because there are insufficient funds in the elector’s account and asks you to pay a \$10 fee.

You must therefore deduct \$100 from the total amount of your contributions and add \$10 to your expenses in the disbursements. These are non-campaign expenses.

## 3.2 Contributions

*(ss. 499.4, 499.7, 499.8 [which refers to s. 427], 429, 430, 434, 436, 438 and 499.11)  
[which refers to s. 454])*

Contributions are cash donations to a political party leadership candidate. It may also include services rendered or goods provided free of charge for the purposes of the leadership campaign.

An amount, good or service provided by the candidate himself or herself for the purpose of his or her election is also considered a contribution, unless the amount is used to pay for an expense related to transportation or other personal expenses that cannot be reimbursed from the campaign fund.

→ Only an elector of the municipality may make a contribution for the benefit of one or more political party leadership candidates.

Contributions must be made by the elector himself out of his or her own property. The contribution must be made voluntarily, without compensation or for no consideration, and may not be reimbursed in any way.

Contributions must be made to the candidate’s financial representative or to canvassers designated in writing. The person receiving the contribution issues a contribution receipt.

Once a contribution has been cashed, it is deemed to have been paid by the elector who made it and received by the political party leadership candidate for whom it is intended.

Only one of the co-owners of a building or the co-occupants of a business establishment is entitled to contribute to the financing of a political party leadership candidate from his or her own property. This person must be designated by means of a power of attorney signed by a majority of the co-owners or co-occupants.

### **Solicitation**

The financial representative of a candidate is responsible for soliciting contributions. However, he or she may designate canvassers, in writing, to assist he or she in this task. These persons, including the political party leadership candidate, must hold a certificate signed by the financial representative and display it upon request (see the **directive D-M-6.1** on this subject).

The financial representative must keep a copy of all canvassers' certificates that he or she delivers and prepare a detailed list of those certificates. The financial representative must then submit a copy of the certificates and the list of canvassers along with his or her return of campaign income and expenses. Even if this list is empty (in addition to the header, which must be completed), the financial representative must sign and file it with each return. He or she can be expected to deliver a canvasser's certificate to the candidate. Template of the certificate and a template of the list of canvassers are available on the Élections Québec website.

### **Maximum allowable contribution under the Act**

(s. 499.7)

→ The total amount of contributions in cash, goods and services from an elector shall not exceed \$200 for a leadership campaign. This amount, set by the *Act respecting elections and referendums in municipalities*, applies to contributions made to all candidates. This maximum is set for the entire leadership campaign, not only for one year. In addition, the *Act* stipulates that a political party leadership candidate may pay, for his or her own benefit, an additional \$800 for the duration of the campaign.

## Contribution receipt

*(s. 499.8, which refers to s. 434)*

The person receiving a contribution must issue a contribution receipt, regardless of the donation amount. The Chief Electoral Officer shall provide contribution receipts prescribed for this purpose. The **directive D-M-22.1** describes how to manage and reconcile these contribution receipts.

The party may use its own contribution receipts. However, they must be previously approved by the Chief Electoral Officer. You can consult the **directive D-M-5.1**, Contribution receipt of a political party leadership candidate, for more information.

In particular, the contribution receipt is intended to record the elector's contact information and his or her signed declaration certifying that the contribution is made out of his or her own property, voluntarily, without compensation and for no consideration, and that he or she has neither been nor will be reimbursed in any way. The receipt also provides the name of the political party leadership candidate to whom the contribution is made. If the contributor is an elector who is not domiciled in the municipality, the field "Address that justifies the quality of a qualified elector (if different from the domiciliary address)" must be completed.

## Contribution of more than \$50

*(s. 499.8, which refers to s. 436)*

All contributions of more than \$50 must be paid by cheque or by any other type of payment order signed by the elector and drawn on his or her account in a financial institution with an office in Québec. Cheques should be made payable to the political party leadership candidate.

The elector may also make a contribution by credit card, in accordance with the **directive D-M-21** on the Élections Québec website. You must get the approval of a political financing coordinator at Élections Québec before receiving contributions by credit card.

Any contribution by an elector who has made one or more contributions totalling more than \$50 must be disclosed in the return of leadership campaign income and expenses or in the complementary return. The name and complete domicile address of each elector and the total amount of their contributions must be included.

### **Contribution of \$50 or less**

Only contributions of \$50 or less can be paid in cash to the financial representative or a canvasser.

On the return of leadership campaign income and expenses or the complementary return, you must group contributions of \$50 or less made by an elector and indicate the number of contributors involved and the total amount of those contributions.

### **Tax credit**

Subject to the conditions and rules established by Revenu Québec, the payment of a contribution for the purposes of a municipal party leadership campaign may give rise to a tax credit. Only cash contributions are eligible for this tax credit. The maximum credit is \$155 per calendar year, more specifically 85% of the first \$50 in contribution and 75% of the remainder, up to the maximum amount of \$200. This credit does not apply to contributions made by a political party leadership candidate for his or her own benefit.

A single tax credit is extended for contributions made to a political party leadership candidate and for contributions made to a political party or an authorized independent candidate.

### **Contribution in goods and services**

*(s. 499.8, which refers to s. 427)*

A good or service provided free of charge to a political party leadership candidate constitutes a contribution. This should be reflected in the return of leadership campaign income and expenses. Like any other contribution, a contribution in goods or services must be solicited or obtained under the authority of the financial representative or any person designated by the financial representative (canvasser). Only an elector of the municipality can make a contribution in goods and services.

The good or service provided is evaluated at the current market price, i.e. at the lowest retail market price in the region and at the time that they are offered to the public during the normal course of business. The elector who supplies the good or service must submit an invoice describing the good or service and certifying its value. A contribution receipt must be given to the elector.

## **Sending contribution receipts**

(s. 499.9)

The contributor must submit the signed contribution receipt along with the payment to the financial representative or the canvasser.

→ The financial representative of a candidate must send receipts for contributions paid to him or her to the Chief Electoral Officer. He or she must do so a first time on the 7<sup>th</sup> day following the start date of the leadership campaign, then every 7 days until the date of the poll as well as every 30 days after this date.

The Chief Electoral Officer shall process all contribution receipts used and confirm their compliance. When he or she sends these receipts, the financial representative must attach a transmission slip to ensure that the Chief Electoral Officer has received all the required documents. A transmission slip template is available on the Élections Québec website. This transmission slip must include the following information:

- The number of receipts sent for each type of payment and their amount.
- The number of receipts sent for contributions in goods and services and their amount.

## **Non-compliant contribution**

(s. 499.8, which refers to s. 440)

Any contribution made contrary to the provisions of the *Act* (e.g., contribution from a business [legal person] or contribution in excess of the maximum allowable) shall, as soon as the fact is known, be remitted to the treasurer of the municipality, who shall pay the amount into the general fund of the municipality. The Chief Electoral Officer may contact an authorized entity in writing to claim political contributions that it has obtained and that he or she deems to be non-compliant.

## **Retaining supporting documents**

The official representative of the party must, for a seven-year period following the transmission of the candidate's return of leadership campaign income and expenses, keep all supporting documents accompanying this return.

## Volunteer Work

(s. 499.8, which refers to s. 428 (1°))

→ Volunteer work performed **personally** and **voluntarily**, the results of such work and the use of a personal vehicle supplied for that purpose are not considered contributions to the extent that they are provided **without compensation and for no consideration**.

An individual can provide personal services and the use of his or her vehicle as long as it is done freely and not as part of his or her job in the employer's service.

### Personally

A job done **personally** may be carried out by a natural person with or without being a qualified elector, since volunteer work is not considered a contribution.

### Voluntarily

Work performed **voluntarily** means that it is performed freely and without coercion. If the person chooses not to perform this work, it cannot be subject to a penalty or reprisal from the employer or anyone else.

### Without compensation and for no consideration

Work performed **for no consideration** means that when the person doing so does not receive, directly or indirectly, any benefit or remuneration from a party, candidate, employer or anyone else.

### Volunteer work of a person who is an employee

An individual with a job who wants to perform volunteer work shall do so during his or her spare time or vacation.

Individuals can also perform volunteer work at any given time as long they perform their regular duties with their employer without claiming, for example, remuneration for overtime.

If leave is granted to employees during their normal working hours by their employer for the specific purpose of the volunteer work they are performing for an authorized political entity, the hours or days off must be deducted from their leave bank.

If individuals performed volunteer work during their regular working hours and received full pay from their employer, without deducting any hours or days from their leave bank, this work would not be considered to be volunteer work, but rather a contribution made by their employer. Remember that only individuals who are qualified electors can make a contribution. If the employer is a legal person, is not qualified as an elector and cannot make a contribution.

#### **Volunteer work by a self-employed individual**

Individuals who manage their own time, are their own boss or own their business can perform volunteer work at any time whatsoever, provided that the work they perform for political purposes results either in a loss of remuneration or a recovery of lost professional time without additional remuneration.

### **3.3 Political activities**

#### **Definition**

The financial representative is responsible for all revenues received from any political activity held for the purposes of the party leadership campaign. He or she must record the sums received in the income records and deposit them into the account that was opened for the campaign. He or she must report these revenues in his or her return of campaign income and expenses.

The purpose of political activities during which contribution receipts are given is to generate a profit to finance the campaign of a political party leadership candidate. The sums paid to participate in such an activity therefore constitute contributions.

Political activities for which a contribution receipt is not issued are not intended to provide funding to the candidate. Revenues generated on this occasion are only used to cover the expenses of the activity. The price of the first entrance fee sold to an individual is therefore not a contribution revenue, but rather an activity revenue.

The financial representative may designate a person responsible for the political activity. However, the expenses incurred on this occasion must be authorized by the financial representative. The person responsible for the activity must submit his or her signed report and the amounts he or she holds to the financial representative, who must countersign the activity report for approval. The information recorded in the report must be included in the return of campaign income and expenses.

Any person other than the financial representative must hold a canvasser's certificate to collect any revenue (entrance fee) in the form of a contribution.

An activity report must be completed for each activity. A template for political or funding activity reports is available on the Élections Québec website.



## Entrance fee for an activity

(s. 499.8, which refers to s. 428 (7°))

The tables below describe how to process the amounts collected in the course of a political activity.

### The entrance fee is more than \$60

#### The entrance fee is necessarily revenue from a contribution

##### Terms and conditions:

- The entrance fee must be paid by a person who is a qualified elector and be included in the total amount of his or her contributions to the leadership campaign.
- A contribution receipt corresponding to the entrance fee must be issued to this elector.
- This contribution receipt must be remitted by a canvasser.

The *Act respecting elections and referendums in municipalities* sets out the circumstances under which an entrance fee can be charged without having to issue a contribution receipt as the money from the sale is not considered to be a contribution to political activities.

### Two options are available if the entrance fee is less than or equal to \$60

#### Treat the entrance fee as a contribution.

##### Terms and conditions:

- This choice is applicable for all participants.
- The entrance fee amount must correspond to that of the contribution receipt.
- Only qualified electors can pay the entrance fee. This amount should be included in their total contributions to the leadership campaign.
- The contribution receipt must be issued by a canvasser.

#### Not treat the entrance fee as a contribution.

##### Terms and conditions:

- This choice is applicable for all participants.
- The first entrance purchased by a person\* shall not be subject to a contribution receipt.
- Any person may pay the entrance fee, whether or not he or she is a qualified elector. However, persons who are not qualified electors cannot pay more than once the **entrance fee.\***
- **The total revenue is limited to 3% of the total amount of contributions collected for the leadership campaign.**
- A list of attendees must be provided.

\* Only a qualified elector may pay the entrance fee for more than one person. In fact, the amount exceeding the entrance fee must be considered as contribution revenue. The canvasser must complete a contribution receipt for any additional entrance fee.

→ Where the financial representative chooses to hold a political activity with an entrance fee of \$60 or less and does not issue a contribution receipt, the financial representative must set up the necessary measures to demonstrate to the Chief Electoral Officer, upon request, that the activity complies with the conditions for this type of political activity within the meaning of the *Act respecting elections and referendums in municipalities*.

Therefore, the financial representative must establish, for monitoring purposes, a list including the names and addresses of persons who have paid an entrance fee and the number of entrances they have paid. This list must include the names of those who have been offered an entrance by another person (the financial representative must issue contribution receipts, where applicable). This list should accompany the political or funding activity report, as prescribed by the **directive D-M-26**. An activity report template is available on the Élections Québec website.

If the financial representative chooses not to consider the entrance fee as contribution revenue, but rather to consider it as activity revenue, the total of these revenues cannot exceed 3% of the total contribution revenues collected for the purposes of this leadership campaign. In this case, a person may pay for one entrance without getting a contribution receipt.

The financial representative must remit the amount in excess of this percentage to the Chief Electoral Officer within 30 days of the last return required under the Act. The Chief Electoral Officer shall remit this amount to the treasurer of the municipality, who shall deposit it into the general fund of the municipality.

**Sample calculation for the 3% limit of total contributions collected during the period covered by the return.**

Total contributions collected (with receipts) for leadership campaign purposes:		\$25,000
Maximum amount of revenue that can be collected without a contribution receipt for political activities:	X	3 %
		<hr/>
Maximum amount that can be collected without a receipt:		\$750

→ **Can a political activity be split into sub-activities?**

Let's say you are organizing a golf tournament. Participants must pay \$50 for golf, \$35 for dinner and \$15 for the dancing party. You sell separate tickets for each sub-activity. If a participant pays for all three activities, you will have to consider this prize as a contribution, as they relate to the same activity, i.e. the golf tournament, and the total amount exceeds \$60 per day.

### **Subsidiary revenue**

*(s. 499.8, which refers to s. 428 (8°))*

Subsidiary revenues may only be collected during a political activity held for the purposes of a political party leadership campaign. Such revenues must be reasonable, i.e., limited and non-recurring. In order for them not to be considered as contributions, they must meet the criteria of the **directive D-M-26**.

The return of leadership campaign income and expenses must include subsidiary revenues.

### **Payment of an activity-related expenses**

*(s. 499.11, which refers to s. 453 (4.1))*

All revenues received during a political activity held for the purposes of a political party leadership campaign must be deposited into the account held by the financial representative. All expenses related to an activity must be paid by cheque drawn on this account or by debit card or a petty cash created from a cheque drawn on this account. In other words, **expenses cannot be paid from funds collected during the activity**.

- Expenses related to holding a political activity for the purposes of the campaign are campaign expenses with the exception of the cost for food and beverages served, which is covered by the entrance fee paid by participants. All other expenses must be:
- Incurred or authorized by the financial representative.
  - Recorded on the return of campaign income and expenses.
  - Paid by the financial representative from his or her campaign fund.

To reduce activity-related expenses, you may choose not to pay for some of the expenses of the participants, where these can be described as personal expenses.

In order for the situation to comply with the *Act respecting elections and referendums in municipalities*, there must be a reasonable basis for concluding that the participant is able to deal directly with the merchant for a service or good that is personal to the participant. For example, a person who participates in an activity can pay for his or her meal at the restaurant without the political entity being involved in the transaction. The financial representative has no obligation to act as an intermediary in this type of transaction.

## 3.4 Loans and Suretyships

(s. 499.10, which refers to ss. 447 and 447.1)

Only the financial representative of a candidate may take out a loan from an elector of the municipality or a financial institution that has an office in Québec. Therefore, a candidate who is a qualified elector may make a loan to his or her financial representative. Any loan granted by an elector shall be made by cheque which is signed by him or her and is drawn on the elector's account in a financial institution that has an office in Québec.

The loan agreement, like the suretyship agreement, must include a declaration by the elector attesting that the loan is made or the suretyship is contracted from the elector's own assets, voluntarily, without compensation or for no consideration, and that it will not be reimbursement in any manner other than the manner specified in the loan agreement.

Only an elector for the municipality can stand surety for a loan. The total amount of outstanding principal on loans granted by an elector plus the amount for which the elector stands surety on loans cannot exceed \$5,000.

Unless otherwise specified in the contracts of suretyship of financial institutions, suretyships are joint. Hence, when an elector wants to stand surety for a loan, he or she must ensure that the loan agreement stipulates that the suretyship will apply up to a maximum of \$5,000.

Any loan taken out by the financial representative must be authorized beforehand, in writing, by the candidate.

- All loans shall be taken out at the current market interest rate and be agreed to in writing. The loan agreement must contain the following:
- The name and address of the lender.
  - The date, amount and term of the loan.
  - The interest rate of the loan.
  - The terms and conditions for repayment of the principal and payment of interest.
  - Where the loan is granted by an elector, he or she must sign a declaration attesting that the loan is made or the suretyship is contracted from his or her own assets, voluntarily, without compensation or for no consideration, and that it will not be reimbursed in any manner other than the manner specified in the loan agreement.
  - The signature of the lender, the financial representative and the candidate.

A loan agreement template and a declaration of suretyship template are available on the Élections Québec website.

After the leadership campaign, the bank account that serves as the campaign fund must remain open until the debts arising from the leadership campaign are paid off.

### **Payment of interest**

The financial representative must pay the interest due on loans taken out at least once a year, even if the loan was made by the candidate himself or herself.

### **Current market interest rate**

The current market interest rate is the interest rate established by a financial institution during the normal course of business at the time the loan is granted. This rate takes into account the circumstances, potential for reimbursement, risk and securities furnished by the borrower.

Where an elector makes a loan at a rate below the current market interest rate, the gap between the amount of interest charged by the elector and the amount of interest corresponding to the current market interest rate is a contribution. This contribution should be recognized in the same manner as any other contribution and be subject to the same rules.

### **Line of credit**

As a financial representative, you are the only person who can negotiate a line of credit to pay for the political party leadership candidate's current expenses. For the purposes of the Act, this credit line is considered to be a loan.

## **3.5 Repayment of campaign debts and transfer of surpluses**

*(s. 499.15 and 499.18)*

Where the financial representative of a political party leadership candidate is unable to pay all claims received and loans taken out because of a lack of funds, the financial representative may continue to collect contributions for a period of twelve months after polling day for the sole purpose of paying outstanding claims and loans.

At the end of this period, if there is a balance owing on a claim (an unpaid expense) or a loan, the Chief Electoral Officer may authorize the financial representative of a candidate to continue collecting contributions for a further twelve months for the purpose of paying that balance. That 12-month period may be renewed once, with the authorization of the Chief Electoral Officer.

Contributions collected during this period, which may extend over a maximum of 36 months, are deemed to have been collected during the candidate's campaign.

→ Once the 36-month period following polling day is expired, any outstanding balance on the claim or loan is deemed to be a contribution attributable to the candidate alone.

If that person has already made one or more contributions totalling \$1,000 to his or her campaign (which is the maximum amount), he or she is in violation of the *Act respecting elections and referendums in municipalities* and, as a result, certain penalties apply. Sections 440 and 645 do not apply to such a contribution.

After all claims have been paid and all loans have been repaid, when the financial representative of a political party leadership candidates forwards the return of campaign income and expenses or the last complementary return to the official representative of the party, he or she must also transfer any excess sums from the candidate's campaign account to the party's bank account.



# 4 Campaign expenses

## 4.1 Campaign expenses

### Definition

The cost of any goods or services used **for the purposes of the party leadership campaign**, in particular to promote or oppose, directly or indirectly, the election of a candidate, is a campaign expense. This type of expense can only be incurred by:

- The financial representative of a candidate or his or her assistants, on behalf of the candidate.
- The official representative of the party, or his or her assistants, on behalf of the party.

### Exceptions

*(s. 499.11, which refers to ss. 453 and 464)*

Certain goods and services are not considered as campaign expenses, in particular:

- Expenses made or incurred to organize meetings, including expenses associated with renting the room and convening the participants, provided that such meetings are not organized directly or indirectly on behalf of a party leadership candidate. The total of these expenses shall not exceed \$200 for the entire leadership campaign.
- The air time (on radio or television) or space (in a newspaper, periodical or other publication) made available free of charge to candidates during the election period by a radio or television broadcaster, a cable operator or the owner of the newspaper, periodical or other publication, provided that the service is offered fairly, qualitatively and quantitatively to all candidates.

Other exceptions are further discussed in this chapter.



## **Duration of a party leadership campaign**

*(ss. 499.1 and 499.15)*

The leadership campaign starts on the day set by the party, which is recorded in the register of the Chief Electoral Officer and posted on the Élections Québec website. The campaign ends on polling day, when the voting period ends.

Candidates may be required to collect contributions to pay claims received and to repay leadership campaign loans up to 36 months after the poll. Contributions collected as a result of the campaign are deemed to have been collected for the purposes of the leadership campaign.

## **Campaign expenses limit**

*(s. 499.1)*

The campaign expenses of each candidate must be limited so as not to exceed the maximum amount set by the party, which is recorded in the register of the Chief Electoral Officer and published on the Élections Québec website.

## **Campaign expenses initiation and commitment control**

*(s. 499.11, which refers to ss. 461, 459 and 460)*

The financial representative must ensure that:

- No one claims or receives, for all or part of the cost of a good or service which is a campaign expense, a price different from the regular price required for such a good or service provided outside the leadership campaign.
- No one accepts remuneration or foregoes all or part of the cost of a good or service for another remuneration which is a campaign expense.
- This does not prevent a person from providing his or her personal services and the use of his or her personal vehicle free of charge, provided that he or she does so freely, without compensation or for no consideration, and not as part of his or her work for an employer. This is volunteer work.

Any goods or services, all or part of the cost of which is a campaign expense incurred on behalf of a candidate may only be used by or with the authorization of the candidate's financial representative.

Furthermore, no one can receive or fulfil an order for a campaign expense order on behalf of a candidate if this order is not made or authorized by a financial representative or yet, on his or her behalf, by his or her assistant or by the advertising agency authorized by him or her.

## Payment of campaign expenses

(ss. 499.14 and 499.15)

Notwithstanding a lack of funds in the leadership campaign account, the financial representative of a candidate shall **acquit** within 12 months after polling day, all claims received within 60 days after polling day, except those in dispute. The financial representative must also pay, within the same time limit, all loans taken out. Therefore, he or she has 12 months to continue, after the poll, to collect contributions for the sole purpose of paying outstanding claims and loans.

Claims received after the 60-day period are expenses made but not claimed.

The term **acquit** means “pay” or “discharge” an obligation or debt. This definition includes two elements: there must be payment and the payment must be made in full.

All payments must be made by cheque or debit card. A paid cheque produced by a financial institution or a scanned copy of the front of the cheque is considered a proof of payment. The proof of payment for the debit card is the bank statement.

Cheques not cashed within 12 months of the poll (if the cheque is outstanding), can be considered as an expense paid, in accordance with the *Act respecting elections and referendums in municipalities*, if:

- The cheque was issued and sent to the supplier before the 12-month deadline.
- There are sufficient funds in the campaign fund at any time between the 12-month deadline and the date the cheque is cashed to cover the outstanding cheque.

If the financial representative does not, when submitting a return, provide a proof of payment for a campaign expense, he or she must forward, at a later date, the debit card transaction statement or the cheque paid by the financial institution or the scanned copy of the front of the cheque to the official representative of the party.

When a campaign expense is paid out of petty cash, the financial representative must be able to confirm that:

- The payment was made by producing a receipt indicating:
  - the payment date
  - the description of the expense (this can be specified on the back)
  - the name and address of the supplier, and
  - the amount paid
- The funds used to pay the expense come from the campaign fund.

The financial representative must ensure that all campaign expense payments are supported by an invoice.

This invoice must include the following information, depending on whether the expense is less than, equal to, or greater than \$100:

LESS THAN \$100	\$100 OR MORE
<ul style="list-style-type: none"> <li>• Name and address of the supplier</li> <li>• Date of invoice*</li> <li>• Description of goods and services</li> <li>• Total amount</li> </ul>	<ul style="list-style-type: none"> <li>• Name and address of the supplier</li> <li>• Date of invoice*</li> <li>• Quantity</li> <li>• Description of goods and services</li> <li>• Unit rate or hourly rate</li> <li>• Total amount</li> </ul>

\* The date indicated on the invoice must be the date on which the good or service was provided.

### **Expenses incurred but not claimed within 60 days of the polling day**

(s. 499.12)

Expenses made or authorized that have not been claimed by the supplier within 60 days of polling day must be reported on the return of campaign income and expenses in the schedule of expenses made but not claimed.

After this period, the claim is a barred claim. A claim made after the expiry of this period cannot be paid by the financial representative.

If a claim is received from a supplier after the 60-day deadline, it must be forwarded to the treasurer of the municipality for review.

If the financial representative receives a claim between the 60<sup>th</sup> day and the date the return was filed, he or she can enter the exact amount of the expense in this return. If the financial representative does not receive any claims, he or she must estimate the expense amount to report it as an expense incurred but not claimed.

→ Expenses incurred but not claimed are subject to the campaign expense limit.

## Contested Claims

(s. 499.14)

The financial representative must have paid, within 12 months of polling day, all debts that are the subject of claims received within 60 days of polling day, unless the financial representative contests them. In this case, the above must be specified in his or her return.

The financial representative can contest a claim or part of a claim arising from a campaign expense, particularly if the expense was incurred without his or her authorization or if the terms of the order (quantity, quality, delivery date, price, etc.) were not complied with.

However, when an expense for material is contested in its entirety, namely for the total amount billed, the material that is the object of the contestation may at no time be used. In this case, the expense is not a campaign expense.

→ A financial representative or the candidate must not pay a debt that is the object of a contested claim after the return has been filed.

If a claim has been mistakenly contested, the financial representative or the candidate should, before making the payment, send a request for payment to the Chief Electoral Officer so that the latter may assess the impact that this payment would have on the return that was already filed (see the form *Application to pay a contested claim* on the Élections Québec website on this subject).

### **Use of a good or service provided free of charge**

If a good or service provided free of charge is used to promote or oppose the election of a candidate in a party leadership campaign, the financial representative must ensure that the cost of using the good or service is included in his or her accounting records and in the return of campaign income and expenses. The cost of this good or service must be included in the return of expenses and income as a goods and services contribution.

Since it is a contribution, the good or service must be provided by an elector. This good or service is evaluated at the current market price, namely at the lowest retail market price in the region and at the time it is offered to the public during the normal course of business. A supporting document describing the good or service and certifying its value must be filed in addition to the contribution receipt. The value of the good or service must comply with the \$200 contribution limit.

### **Categories of campaign expenses**

As the person responsible for campaign expenses, the financial representative must ensure that expenses are allocated to one of the following categories:

- Advertisement
- Goods and services
- Office space rental
- Travel and meal expenses

The regulations relating to the following campaign expense are an adaptation of the election expense regulations established for the purpose of applying the principle of fairness.

## 4.2 Advertisement

→ Any advertising material on traditional media (radio, television, newspapers, pamphlets, posters, billboards, buttons, etc.) or using information and communication technologies (Web, social networks, etc.) constitutes advertisement.

### Expenses recognition

*(s. 499.11, which refers to ss. 452 and 453 (1) and (2))*

Regardless of the advertising medium used, all expenses incurred for the design, execution, production and distribution of advertising material constituting a campaign expense must be recognized and reported on the campaign return, without restriction.

Where a website is launched specifically to disseminate messages or content related to a party leadership campaign, all expenses related to the website must be recognized as campaign expenses. When adding messages or pages to an existing site, only the additional costs are considered campaign expenses.

Costs related to the publication of editorials, news, interviews, columns or letters from readers in a newspaper or other periodical are not considered campaign expenses if:

- They are published without promise of payment, reward or payment.
- The newspaper or periodical in which they are published is not established for the purposes or in view of the leadership campaign.
- The distribution and frequency of newspapers or periodical publication are the same as they would outside a leadership campaign period.

Similarly, if there is no payment or reward, or a promise of payment or reward, costs related to the broadcast of a public affair, news or commentary program on a radio or television station are not considered campaign expenses.

## Reference on the advertisement

(s. 499.11, which refers to s. 463)

Any advertising related to a party leadership campaign must include a reference to that effect.

TYPE OF ADVERTISING	IDENTIFICATION REQUIRED
<b>Written, subject, advertising material</b>	Name and title of the financial representative or assistant Name of manufacturer or printer
<b>Newspaper advertisement</b>	Name and title of the financial representative or assistant
<b>Radio or television advertisement</b>	Name and title of the financial representative or assistant, mentioned at the beginning or end of the message
<b>Social network advertisement</b>	Name and title of the financial representative or assistant
<b>Web advertisement</b>	Name and title of the financial representative or assistant

## Non-compliant reference

Where an advertisement does not include an adequate reference, the expense does not comply with the *Act respecting elections and referendums in municipalities*, but is still a campaign expense. The financial representative must therefore include it in his or her return.

In addition:

- A newspaper cannot rerun the message free of charge nor publish an erratum.
- A sticker or handwritten note can be added to brochures, flyers or other advertising material to correct the reference. In that case, the time the compliant and non-compliant versions were used must be included on the invoice.
- You may take any other means necessary to ensure that an adequate reference appears in the advertisement.

### **Re-using advertising material produced and used in a previous leadership campaign**

The **directive D-M-20.1** indicates how to proceed if you are re-using advertising material produced and used in a previous leadership campaign.

### **Loss of equipment as a result of vandalism or theft related to a leadership campaign**

The **directive D-M-18.1** specifies how to deal with the loss of equipment due to vandalism or theft related to a party leadership campaign.

### **Advertising material produced by volunteers**

*(s. 499.11, which refers to s. 461)*

With the authorization of the financial representative, volunteers may make their own billboards or photocopy messages for the leadership campaign. In that case:

- Volunteer work is not an election expense.
- Billboards of this nature must include a reference specifying:
  - the name and title of the financial representative or his or her assistant;
  - the name of the committee or organization of the candidate that printed or produced them.
- The cost of any materials used (wood, paint, nails, paper, etc.) to build the advertising material is a campaign expense and must be included in the return of campaign income and expenses. If a photocopier or another type of equipment is used, the financial representative must ask the owner of the device to invoice him or her for the usage fees.



## Supporting documents

(s. 499.16)

The financial representative must attach the invoice, proof of payment (return of original cheque or scanned copy of the front of the cheque or debit card transaction record), and the supporting documents listed below to the return of leadership campaign income and expenses. These exhibits demonstrate that the advertisements contain a reference compliant with the *Act respecting elections and referendums in municipalities*.

TYPE OF ADVERTISING OR MEDIA	SUPPORTING DOCUMENTS REQUIRED
<b>Television, radio, Internet and social networks</b>	Audiovisual file (on any storage media), written media, transcript of the message or certificate of the financial representative (see form <i>Advertising certificate</i> [DGE-10906])
<b>Newspapers</b>	<b>Full page</b> of the newspaper in which the advertisement was published
<b>Signage and printed material (small format)</b>	Copy of the signage, button, brochure, etc.
<b>Banners and billboards (large formats)</b>	Photograph or certificate of the supplier or financial representative (see form <i>Advertising certificate</i> [DGE-10906])
<b>Advertising material produced and used in a previous party leadership campaign</b>	Current quote (see the <b>directive D-M-20.1</b> ) and proof of advertising

## 4.3 Goods and services

(s. 499.11, which refers to s. 452)

→ Insurance, telephone, office supplies, furniture or office equipment rental, stamps, salaries paid, interest on loans, etc.

To be considered a campaign expense, a good or service must be used for the purposes of a party leadership campaign, even if the expense was incurred before that period.

When acquiring a durable good, such as an electronic device or furniture, the eligible amount of the campaign expense is the lesser of the rental cost or 50% of the purchase cost (see the **directive D-M-23.1** on this subject).

### Insurance

You can take out a liability insurance policy for the rented premises. The cost of insurance is based on the concept of minimum cost of a campaign: the cost remains fixed, regardless of whether the period for which you use the good or service extends beyond the election period during which you actually need it.

You must produce the following supporting documents:

- The cheque or scanned copy of the front of the cheque used to pay the expense or the debit card transaction record.
- The insurance policy indicating the cost, period covered and the description of the coverage.
- Any endorsement produced by the insurer.

### Telephony

You must record the installation, service and long-distance telephone service charges.

### Installation costs

As the installation costs of a device would be the same, regardless of when it is installed, the total cost of installation constitutes a campaign expense.

### Service fees

You must record the service fees related to the leadership campaign in the return.

### Long-distance charges

Only long-distance calls made for the purposes of the leadership campaign constitute campaign expenses.

You must produce the following supporting documents:

- The cheque or scanned copy of the front of the cheque used to pay the expense or the debit card transaction record.
- The account summary and appendices, including the details of the communications and other fees or credits charged.
- When a summary includes an item carried over from a previous account, all the details of that account.

→ All accounts and credits obtained must be provided from the date the service is installed until it is withdrawn.

### Cellular phones

When an individual (the candidate, financial representative, volunteer, etc.) uses his or her personal cell phone for campaign purposes, you may, if he or she is charged additional fees and those fees are campaign-related, these fees should be considered to be campaign expenses. However, this is not mandatory.

### Rental of goods

You have to consider the cost of renting goods used in the leadership campaign as a campaign expense.

You must produce the following supporting documents:

- The cheque or the scanned copy of the front of the cheque used to pay the expense or the debit card transaction record.
- In particular, a detailed invoice indicating:
  - the rental period
  - the unit cost or rate
  - the total amount of the expense
  - the description of the rented good

### **Interest on loans**

*(s. 499.11, which refers to s. 453 (7))*

When you take out a loan to replenish the campaign fund, you may, or may not, treat the loan interest as a campaign expense. As a financial representative, the choice is yours. You must include the interest in the return, either in the “Goods and services” or the “Non-campaign expenses” section.

You must produce the following supporting documents:

- A notice from the financial institution bearing its stamp and indicating the interest amount paid or the statement from the financial institution showing the interest paid.
- The loan agreement or the lending elector’s invoice providing details of the interest payable (rate, period and amount). A loan agreement template is available on the Élections Québec website.
- Proof of payment of interest from the campaign fund (bank statement for a loan with a financial institution and the return of the original cheque or the scanned copy of the front of the cheque for a loan from an individual).

### **Service fees on the account opened in a financial institution**

Service fees paid for the administration of your campaign fund may or may not be considered campaign expenses. As a financial representative, the choice is yours.

### **Paid work**

In addition to the proof of payment, you must attach to your return, any salary or wages expenditure:

- A signed and dated receipt indicating the name and address of the staff member.
- The detail of days and hours worked.
- The hourly, daily or weekly salary or wages.
- The description of the work carried out.
- The total amount paid.
- The return of the original cheque or the scanned copy of the front of the cheque cashed by the staff member.

You must inform staff members that they must include the remuneration they received on their income tax return.

## 4.4 Office space rental

(s. 499.11, which refers to s. 452)

→ **Commercial premises, classrooms, church basements, private residences, etc.**

You have to consider the cost of office space rental used for the leadership campaign as a campaign expense.

You must produce the following supporting documents:

- The proof of payment
- The rental lease, containing the following information:
  - the address of the office;
  - the description of the premises (dimensions or area);
  - the start and end dates of occupation;
  - the other charges or goods provided that are included in the rental cost, if applicable;
  - the detailed description of the furniture included, if applicable;
  - the unit price per foot or per square metre;
  - the total cost;
  - the name and address of the landlord;
  - your name and address (as the financial representative, you are the tenant);
  - and
  - the date the lease was signed.

- Invoices as well as proof of payment (the return of the original cheque or the scanned copy of the front of the cheque) for any goods or services used on the premises. A lease template is available on the Élections Québec website.

However, if you are renting commercial space, you must have a lease from the landlord. You cannot use the Élections Québec lease template in this situation.

→ No office, even if located in a private residence, may be made available free of charge as a campaign office during a party leadership campaign.

If you use private residences for tallying purposes on voting days (satellite homes), you must include an amount equal to the current market price for the use of these residences in your return of campaign income and expenses.

### Goods and services used in a campaign office

All goods and services used in a campaign office must be paid for and reported in the return of campaign income and expenses. The financial representative must pay the owners of these goods and the providers of these services at the current market price.

For example, when a volunteer provides chairs, desks, computers or telephones, the value of these items must be assessed. The volunteer must receive a cheque from the campaign fund in order for these items to be included in the return.

Therefore, these goods and services cannot be provided free of charge, unless they are provided as contributions, in accordance with the rules set out in the *Act respecting elections and referendums in municipalities* in this regard.

## 4.5 Travel and meal expenses

(s. 499.11, which refers to ss. 451 and 453)

### → Gas, mileage allowance, bus tickets, meal expenses, etc.

All travel and meal expenses authorized and paid for the purposes of the leadership campaign must be included in this category of expense.

The travel and meal expenses of any individual may or may not be considered a campaign expense. This choice is up to the financial representative. If they are considered as a campaign expense, they must be reasonable, accompanied by the appropriate supporting documents, paid out of the campaign fund and reported on the return of leadership campaign income and expenses.

The applicant can ask to be reimbursed on the basis of a daily indemnity (according to a maximum amount allowed per kilometre), which cannot exceed that established by the municipality, subject to the approval of the financial representative. Otherwise, the person must provide the relevant supporting documents, i.e. gas bills, taxi vouchers, etc.

On polling day, meal expenses can be reimbursed on the basis of a daily indemnity. At any other time the applicant must provide relevant supporting documents (invoices and receipts).

The **directive D-M-17** provides for the reimbursement of daily indemnities for transportation expenses and for certain meal expenses. In this context, form DGE-10905, Application for reimbursement of travel and meals expenses, must be used.

### Exceptions

The following items should not be considered campaign expenses. Therefore, they should not appear in the return of campaign income and expenses.

- Transportation expenses of a candidate, if they do not constitute a reimbursement.
- Other reasonable personal expenses incurred by a candidate, provided he or she was not reimbursed for these expenses, which must not include advertisement expenses.
- Transportation expenses of a non-candidate individual, paid out of his or her own pocket, provided he or she was not reimbursed for these expenses.
- The cost of food and beverages served at a political activity held for the purposes of the leadership campaign, where the cost is included in the entrance fee paid by the participants (these expenses should be included in non-campaign expenses instead).

### Meals prepared by volunteers

When a volunteer prepares a meal, only the cost of the food purchased and the personal products used by the volunteer should be reported on the return of campaign income and expenses.

## Supporting documents

In addition to the proof of payment (the return of the original cheque or the scanned copy of the front of the cheque or the debit card transaction record), the financial representative must attach the following supporting documents to his or her return for any travel- and meal-related expenses:

EXPENSE TYPE	SUPPORTING DOCUMENTS REQUIRED
<b>Restaurant</b>	<ul style="list-style-type: none"> <li>• Paid invoice or receipt from the restaurant indicating:               <ul style="list-style-type: none"> <li>– the name and address of the restaurant</li> <li>– the date</li> <li>– the number of meals served</li> <li>– the total amount</li> </ul> </li> <li>OR</li> <li>• Form Application for reimbursement of travel and meals expenses (see the <b>directive D-M-17</b>)</li> </ul>
<b>Personal vehicle</b>	<ul style="list-style-type: none"> <li>• Form Application for reimbursement of travel and meals expenses (see the <b>directive D-M-17</b>)</li> <li>• Gas bill</li> <li>OR</li> <li>• Form Application for reimbursement of travel and meals expenses (see the <b>directive D-M-17</b>)</li> </ul>
<b>Public transportation (taxi, bus, subway, etc.)</b>	<ul style="list-style-type: none"> <li>• Copy of correspondence</li> <li>OR</li> <li>• Receipt from the carrier</li> </ul>
<b>Meals prepared by a volunteer</b>	<ul style="list-style-type: none"> <li>• Grocery bill</li> <li>• The invoice for personal products used by the volunteer.</li> </ul>



## 4.6 Petty cash

The main characteristics of a petty cash are as follows:

- It is set up by the financial representative or with his or her authorization.
- The amounts deposited in the petty cash are determined by the financial representative and cover needs for a limited period.
- It is used to pay small expenses in cash.
- Any amount used to create or replenish the petty cash must be drawn from the campaign fund, using a cheque made payable to the person responsible for the petty cash, and must include a reference to the fact that the cheque is issued for petty cash purposes.
- The total of both the money in the petty cash and paid invoices must correspond, at all times, to the amount authorized for petty cash.
- A petty cash statement must accompany the original invoices.

The person responsible for administering the petty cash (i.e., the financial representative or his or her assistant) may, where necessary, apply for a reimbursement to replenish the petty cash. The reimbursement amount will then be equal to the expenses incurred shown on the petty cash statement. Paid invoices and other necessary supporting documents must be attached to this statement.

When a person is no longer responsible for administering the petty cash, he or she must prepare a final statement, reconcile it and remit the remaining money to the financial representative, along with all invoices and supporting documents.

You must produce the following supporting documents:

- Paid invoices
- Cheques used to replenish the petty cash
- A statement showing details of all expenses paid through petty cash. A statement template is available on the Élections Québec website.

Petty cash statement of _____ Date: _____				
Financial representative				
Date	No	Supplier	Description	Amount
May 2	1	F. Pilon	Supplies	\$16.10
May 2	2	Van Houtte	Coffee	\$4.15
May 3	3	Taxi Réal	Taxi	\$8.40
May 3	4	Perrette	Milk	\$1.29
May 5	5	Provigo	Grocery	\$7.22
May 5	6	Purolator	Messenger services	\$20.00
May 7	7	Postes Canada	Stamps	\$15.00
May 7	8	Uniprix	Facial tissue	\$3.25
May 8	9	Ultramar	Gas	\$15.00
<b>TOTAL:</b>				\$90.41
Balance deposited in the campaign fund on May 12				\$9.59
<b>TOTAL:</b>				\$100.00

At the end of the leadership campaign, the balance of the petty cash is deposited into the campaign fund. A note to this effect must appear on the deposit slip. The date of deposit must be indicated on the petty cash statement.

## 4.7 Personal expenses of a candidate

(s. 499.11, which refers to s. 454)

A candidate's personal expenses may or may not be treated as an election expense. This choice is up to that person and his or her financial representative. If these expenses are not considered campaign expenses, the expenses incurred by the candidate must remain reasonable.

In the context of a party leadership campaign, the characteristics of a candidate's personal expense are as follows:

- The expense is incurred in order to directly or indirectly promote the election of the candidate.
- The expense is incurred for the candidate or a member of his or her immediate family (spouse, father, mother, children).
- This can be an expense for housing, food, transportation, clothing, childcare, hairdressing, etc.
- It does not constitute an advertising expense.

When a candidate's personal expense is considered a campaign expense, it must be recognized in the expenditure report, entered in the return of campaign income and expenses and be associated with one of the expense categories listed above.

In addition, the candidate must provide invoices or other supporting documents, as well as proof of payment (return of original cheque or scanned copy of front of cheque), to his or her financial representative, who will attach them to his or her return. These expenses must be reimbursed by a cheque drawn on the campaign account of the financial representative.

Certain personal goods do not have to be recognized as campaign expenses (for example, a computer or printer). However, if additional charges are made for personal services, such as home phone, cell phone or Internet service, and these charges are related to the campaign of an authorized candidate, these additional expenses may be considered campaign expenses.

→ The financial representative is not required to reimburse a personal expense incurred by a candidate. He or she may refuse to reimburse it, particularly when he or she has incurred or authorized campaign expenses up to the allowable limit and when he or she does not have the required funds.

We recommend to any candidate to reach an agreement with his or her financial representative on this matter at the beginning of the leadership campaign. As a result, the latter will be able to set aside, within the allowable campaign expenses limit, a certain amount for the reimbursement of the candidate's personal expenses, where applicable.

## 4.8 Out-of-campaign expenses

The financial representative of a party leadership candidate is responsible for both expenses incurred outside and during the campaign. He or she must ensure that funds raised in accordance with the *Act* are available to pay for out-of-campaign expenses, if required.

These expenses can be incurred and the funds used prior to the official start of the leadership campaign under the party's rules for the processing of such expenses. They may also be incurred after the poll, during the period where the financial representative is required to collect funds to reimburse unpaid claims or loans.



# 5 Advertising agency

(s. 499.11, which refers to s. 456)

## 5.1 General information

The financial representative may authorize, in writing, an advertising agency to incur or order campaign expenses up to the amount set in the authorization. The financial representative may, prior to filing his or her return of campaign income and expenses, amend this amount in writing, but may not reduce it below the amount of campaign expenses already made or legally ordered by the advertising agency (see the **directive D-M-12** relating to the authorization agreement of the advertising agency).

Within 60 days of polling day, the agency must provide the financial representative with a detailed statement of expenses incurred or ordered by the agency, along with supporting documents and advertising evidence, including subcontractor invoices. This statement must comply with the **directive D-M-13**.

Campaign expenses made by the agency are deemed to have been made by the financial representative.

## 5.2 Reference on the advertisement

The advertising agency must ensure that all advertisements it produces on behalf of the financial representative include the statements required under the *Act respecting elections and referendums in municipalities*.

The name and title of the financial representative must appear in the reference if it is an advertisement in a newspaper or other publication, i.e. the radio, television or Web. In the case of printed advertising material, such as flyers, posters, etc., the name of the printer or manufacturer must also appear in the reference.

## 5.3 Supporting documents

The advertising agency's detailed statement of expenses must be accompanied by the following supporting documents:

- The invoice from the advertising agency indicating:
  - each of the suppliers whose services were used;
  - the description of the work performed by the employee and, in each case, the number of hours worked, the hourly or unit rate, the total cost and the total amount of the employee's commission and related details;
- A certified copy of the invoice that the agency received from each of the service suppliers used (radio, television, printers, etc.):
- Proof of advertisement:
  - the full page of the newspaper in which the advertisement was published or a copy of the flyer or poster or the button, etc.;
  - a DVD, CD, USB key or any other medium that makes it possible to read the advertisement message or the broadcaster's certification that the name and title of the financial representative were mentioned at the beginning or end of the advertisement;
  - a CD, photo or certification from the printer or manufacturer of a billboard or superboard certifying that the advertisement included the name and title of the financial representative as well as the name of the printer or manufacturer.

# 6

## Return of leadership campaign income and expenses of a candidate leadership candidate

### 6.1 Return to be filed

(s. 499.16)

The financial representative of a candidate must submit a return of campaign income and expenses to the official representative of the party within 90 days after polling day. The financial representative must request an acknowledgement form from the party following this mailing. He or she must also send a scanned copy of the return, along with an acknowledgement form, to the Chief Electoral Officer.

The return of campaign income and expenses must be in the form prescribed by the Chief Electoral Officer using form DGE-1080, Return of campaign income and expenses of a party leadership candidate (see the **directive D-M-27**).

### 6.2 Contents of the return of campaign income and expenses

(s. 499.16)

The return of campaign income and expenses must provide details of the source of the campaign fund, campaign expenses and non-campaign expenses. To file the return, please use the form prescribed on the Élections Québec website, which includes the following sections:

- Summary statement of the campaign funds, campaign expenses and non-campaign expenses
- List of electors who made total contributions of \$50 or more
- Loans and suretyships
- Amounts collected at political activities
- Detailed statement of campaign expenses

- Statement of contested claims (invoices)
- Financial institutions where the collected amounts are deposited
- Signature and declaration of the financial representative
- Signature and declaration of the candidate to a leadership campaign
- List of canvassers, even if it does not include any canvasser

In order for the return of campaign income and expenses to be complete, the sections “Signature and declaration of a financial representative” and “Signature and declaration of a party leadership candidate” must be signed.

The return of campaign income and expenses must be accompanied by a detailed statement of the advertising agency’s expenses that the financial representative of the candidate has authorized to make or order campaign expenses, where applicable. Chapter 5 addresses this topic.

Where the financial representative of a candidate appointed one or more assistants, he or she must attach to the return a detailed statement of expenses incurred or authorized by the assistants, which each assistant must provide to the financial representative.

## 6.3 Accompanying documents

(s. 499.16)

The return of return of campaign income and expenses must be accompanied by all supporting documents and materials required by the *Act respecting elections and referendums in municipalities*, including:

- Written authorization from the candidate, prior to any loan
- Deposit slips that include the names of contributors and provide the source of the amounts deposited as well as income types
- Account statements from the financial institution
- Cleared cheques or scanned copies of the front of cheques
- Debit card transaction records
- Original invoices (the original electronic invoice is accepted)
- Copy of loan agreements
- Political activity reports completed, signed and accompanied by a detailed list of attendees



- Copy of canvasser's certificates
- List of canvassers (signed by the financial representative), even if none has been appointed
- Copy of advertisements
- List of claims received and unpaid (accounts payable), where applicable
- Travel and meal expenses reimbursement forms
- Petty cash statements reconciled with attached supporting documents
- Other supporting documents (lease, insurance policy, deeds of appointment of assistants, etc.)
- Both declarations signed by the financial representative and the candidate.

We suggest that you number the supporting documents based on the sequential number of the expense reported on your return of campaign income and expenses. For example, on the documents related to the first expense you could write:

- Reference 1.0 for the copy of the proof of payment. If the payment is made by debit card, the bank statement attached to the return would be sufficient to confirm the payment. Thus, reference 1.0 will be reserved for the copy of the invoice.
- Reference 1.1 for the invoice copy. If several invoices are related to the first expense, continue numbering with the same reasoning.
- Reference 1.2 for any other supporting documents (contract, agreement, proof of advertisement, etc.).

The numbering of all other expenses should follow the same reasoning.

Expenses paid without a cheque, such as bank fees, will be listed and numbered afterwards and will include a reference to the relevant supporting document.

All supporting documents must be attached to the return of campaign income and expense.

### **Additional time to file a return**

(s. 499.21)

If a leadership candidate demonstrates to the Chief Electoral Officer that there is reasonable cause (for example, the absence, death, illness or misconduct of his or her financial representative) that prevents the preparation and filing of a return under the *Act*, the Chief Electoral Officer may grant the leadership candidate an extension of up to 30 days to prepare and file the return.

### **Request to amend a return**

(s. 499.20)

Where an error is found in a return filed with the official representative of the party, the financial representative of a candidate has until the deadline for filing the return to make the correction.

After that date, the financial representative must obtain permission from the Chief Electoral Officer to correct the error. To do so, the financial representative must prove that the error was made inadvertently.

A template entitled *Request to amend a return* is available on the Élections Québec website.

### **Publication and accessibility**

(ss. 90.6 and 659)

The information contained in candidates' returns of campaign income and expenses and the documents prescribed in Chapter XIII of the *Act respecting elections and referendums in municipalities* is public as of their filing deadline, except for information on a contribution receipt of \$50 or less and that should be entered in a return.

If returns of campaign income and expenses are filed outside the specified deadline, they are accessible from their date of filing. Summaries of all these returns are available on the Élections Québec website.

## Supplementary return of party leadership candidate

(s. 499.17)

The financial representative of a party leadership candidate must file one or more return of campaign income and expenses if, after filing the first return, all claims received and loans taken out have not been paid.

Supplementary returns must be filed every three months from the 90<sup>th</sup> day after the poll until all claims and loans arising from the leadership campaign have been paid in full. The last return could not cover a period exceeding 36 months following the poll, period that the financial representative of a candidate has to pay all claims and loans.

These returns identify new sources of funding raised since the last return, which are used to pay claims received and loans taken out. These returns also include fees, principal and interest paid.

Form DGE-1081, Supplementary return of a political party leadership candidate, is provided for this purpose (see the **directive D-M-28**). The supporting documents and the documents that must accompany these returns are listed above.

For the report to be complete, the “Signature and declaration of a financial representative” and “Signature and declaration of a party leadership candidate” must be signed.

# 7

## The official representative of the party during a leadership campaign

### 7.1 Party leadership campaign expenses

(ss. 499.6, 499.11 and 499.13)

The official representative of the party is responsible for incurring or authorizing expenditures on behalf of the party in the leadership campaign.

The official representative of the party must use an account held by him or her under section 439 of the *Act respecting elections and referendums in municipalities* to pay campaign expenses and, where applicable, deposit the loan amounts he or she might have taken out for the purpose of a leadership campaign.

Campaign expenses may be incurred on behalf of the party by the official representative of the party, his or her assistants or the person replacing him or her. The official representative of the party may, with the approval of the party leader (interim, where applicable), appoint a sufficient number of assistants and mandate them to incur or authorize campaign expenses up to the amount set out in their deed of appointment. The official representative of the party may change this amount at any time, in writing, prior to filing his or her return of campaign expenses.

Any campaign expense incurred by an assistant to the official representative of the party shall be deemed to have been incurred by the official representative of the party, up to the amount set out in the deed of appointment.

The assistant must provide to the official representative of the party a detailed statement of the expenses that he or she incurred or authorized.

The official representative of the party and his or her assistants must ensure that any campaign expense payment is supported by an invoice. This invoice must include the required information, depending on whether or not the expense is less than \$100. For more information, please refer to the Payment of campaign expenses section in Chapter 4 of this guide.

An individual to whom the official representative of the party owes an amount for an expense incurred for a leadership campaign must make a claim to the official representative within 60 days after polling day.

If the official representative of the party dies, resigns or is prevented from acting and has not been replaced, the claim must be forwarded to the party leader (interim, where applicable) within the same time frame.

Failure to comply with the 60-day deadline entails prescription of the claim.

## 7.2 Exceptions to campaign expenses

*(s. 499.11, which refers to s. 453)*

The official representative of the party must be aware that reasonable expenses incurred by a person, out of his or her own funds, for lodging, food and travel for the purposes of a leadership campaign are not campaign expenses if they are not reimbursed.

Similarly, reasonable expenses ordinarily incurred for the day-to-day administration of the party's permanent office, the address of which is recorded in the Chief Electoral Officer's registry, are not campaign expenses.

Reasonable expenses incurred for the publication of commentaries explaining the provisions of the *Act*, including those relating to the financing of a party leadership campaign, are not campaign expenses, provided that the commentaries are strictly objective and do not contain any advertisement that favours or disadvantages a candidate. The person designated to preside over the poll, the official representative of the party may deem it appropriate to incur such expenses.

## 7.3 Loans and suretyship

(s. 499.10)

The official representative of the party may take out a loan for the party's leadership campaign expenses. An elector may stand surety for such a loan.

The requirements for loans and suretyships are those set out in sections 447 and 447.1 of the *Act*. They are explained in the *Guide of the official representative of an authorized political party*.

## 7.4 Amounts from the financial representatives of the candidates

(s. 499.8, which refers to ss. 428 and 499.18)

The official representative may act as a supplier to the financial representatives of leadership candidates by providing goods and services at current market prices. In this case, the financial representatives of the candidates must pay these expenses, like any other campaign expense, out of their campaign funds.

Payments received by the official representative of the party for these goods and services do not constitute contributions when the transactions are made in accordance with the *Act*. These payments must be reported on the additional financial report as a specific revenue item.

## 7.5 Return of campaign expenses to file

(s. 499.19)

The official representative of the party must file a return of the party's campaign expenses with the Chief Electoral Officer using form DGE-1078, Return of campaign expenses of the party, within 120 days after polling day (see the **directive D-M-29**).

The official representative of the party must keep all supporting documents relating to this return for seven years and, where applicable, the deeds of appointment of his or her assistants and any amendments to these deeds. He or she must provide these documents to the Chief Electoral Officer upon request.

## 7.6 Receipt of returns of leadership candidates

(ss. 499.16, 499.17 and 499.19)

The official representative of the party receives the return of campaign income and expenses that each leadership candidate must file within 90 days after the poll and any supplementary returns of campaign income and expenses required by the *Act*.

The official representative of the party must ensure that the candidates' returns comply with the party's leadership rules. This allows the officer presiding the poll or the official representative to first review the return for compliance with the requirements of the *Act*. Where applicable, he or she may request that the financial representatives of the candidates amend their return or send him or her the supporting documents prior to the deadline for filing the return.

The official representative of the party shall attach to his or her own return, where applicable, all original and amended returns of the candidates' financial representatives sent to him or her following the poll. He or she also transmits them to the Chief Electoral Officer. Upon receipt of a supplementary return, the official representative of the party must immediately forward it to the Chief Electoral Officer. In addition, he or she must write to Élections Québec to inform them of the filing date of a candidate's return.

## 7.7 Retaining supporting documents of returns of income and expenses of leadership candidates

(ss. 499.16 and 499.19)

The official representative of the party must retain all supporting documents used to confirm the compliance of provisions of the *Act* governing the financing of leadership campaigns for a seven-year period following the filing date of returns of income and expenses of financial representatives and the financial representatives of candidates. Where applicable, he or she must also retain the written authorizations of the leadership candidates for any loans taken out; the deeds of appointment of assistants to the financial representatives of the candidates; and any amendments to these documents. He or she shall provide these documents to the Chief Electoral Officer upon request.

## 7.8 Additional time to file a return

(s. 499.21)

If the party leader (interim, where applicable) demonstrates to the Chief Electoral Officer that there is reasonable cause (for example, the absence, death, illness or misconduct of his or her financial representative) that prevents the preparation and filing of a return under the *Act*, the Chief Electoral Officer may grant the party leader an extension of up to 30 days to prepare and file the return.





# 8

# Penal provisions and other sanctions

There are several penalties for non-compliance with the provisions of the *Act respecting elections and referendums in municipalities*. If lawsuits are instituted, they may result in various forms of penalties:

- Fines
- Loss of
  - rights to sit on the Board or vote for elected candidates
  - electoral rights
  - rights to enter into a public contract

The Chief Electoral Officer may not prosecute offences relating to the financing of a political party leadership campaign seven years after the offence was committed (s. 648).

## 8.1 Contributions and campaign expenses

Under the second subsection of sections 625.1 and 641.1, fines are intended for:

- The financial representative of a candidate who does not open an account in a Québec branch of a financial institution, who does not deposit the amounts collected and loans taken out or who does not pay the cost of a campaign expense.
- The official representative of a party who fails to deposit loans or does not pay the cost of a campaign expense in the account referred to in section 439 of the *Act*.
- Any person who incurs or authorizes a campaign expense without being the financial representative of a candidate or the official representative of a party or the party's assistants.

These fines may vary:

- Between \$5,000 and \$20,000 for a first offence and between \$10,000 and \$30,000 for any repeat offence for a period of 10 years in the case of a natural person.
- Between \$10,000 and \$50,000 for a first offence and between \$50,000 and \$200,000 for any repeat offence for a period of 10 years in the case of a legal person.

Under sections 610 and 641.1, fines are intended for:

- Any person who makes a contribution to a party leadership candidate without being a qualified elector.
- Any person who contributes an amount in excess of the maximum contribution amount for a party leadership campaign.
- Any person who, by using threats or coercion or by promising compensation, consideration or a reimbursement, incites an elector to make a contribution to a party leadership campaign.
- Every voter who falsely declares that a contribution is being made out of the elector's own property, voluntarily, without compensation and for no consideration, and that he or she has neither been nor will be reimbursed in any way.

These fines may vary:

- Between \$5,000 and \$20,000 for a first offence and between \$10,000 and \$30,000 for any repeat offence for a period of 10 years in the case of a natural person.
- Between \$10,000 and \$50,000 for a first offence and between \$50,000 and \$200,000 for any repeat offence for a period of 10 years in the case of a legal person.

These offences also constitute **corrupt electoral practices** (s. 645). They are set out in Schedule I of the *Act respecting contracting by public bodies* (CQLR, c. C-65.1).

Under sections 599, 641 and 641.1, anyone who solicits or collects contributions, incurs expenditures or takes out a loan without the authorization of the financial representative of a party leadership candidate commits an offence.

In the case of a contribution, the fine ranges from \$5,000 to \$20,000 for a natural person and from \$10,000 to \$50,000 for a legal person. In the case of an expense or loan, the fine ranges from \$500 to \$10,000.

Under sections 595.1 and 641.0.1, a candidate or a party leader (interim, where applicable) who allows that an expense for party leadership campaign is incurred or paid otherwise than as permitted by the Act commits an offence and is liable to a fine of \$5,000 to \$20,000.

This offence also constitutes a **corrupt electoral practice** (s. 645).

## 8.2 Return relating to the campaign and other responsibilities of the financial representative of a candidate and the official representative of a party

Under sections 595.0.1, 597 and 640.0.1, is committing an offence and is liable to a fine between \$5,000 and \$20,000:

- The financial representative of a party leadership candidate or the official representative of a party who submits an incomplete or a false return or produces a false document, such as an invoice, receipt or any other supporting document.
- The financial representative of a candidate who pays a claim otherwise than as permitted by sections 499.14 and 499.15.

These offences also constitute **corrupt electoral practices**. (s. 645).

Under sections 626 and 642, the official representative of a party or the financial representative of a candidate who fails to file a required party leadership campaign return as well as the documents accompanying the return or who fails to transmit contribution receipts for this campaign commits an offence and is liable to a fine of \$50 for each day that the return is late.

## 8.3 Attempt

Under sections 636.3 and 641.1, a person who attempts to perform an act referred to in section 599, to the extent that it is in respect of a contribution, or in sections 610 and 625.1 (2) commits an offence and is liable to a fine whose amount may vary:

- Between \$5,000 and \$20,000 for a first offence and between \$10,000 and \$30,000 for any repeat offence for a period of 10 years in the case of a natural person.
- Between \$10,000 and \$50,000 for a first offence and between \$50,000 and \$200,000 for any repeat offence for a period of 10 years in the case of a legal person.

This offence also constitutes a **corrupt electoral practice** (s. 645).

## 8.4 Corrupt electoral practice

Pursuant to sections 53, 301, 383 (7°), 645 and 645.1, the offences set out in sections 595.0.1, 595.1, 597, 610 (2°), (3°), (4°) and 636.3 constitute corrupt electoral practice respecting political financing and reconciliation of campaign expenses.

A person who has been found guilty of a corrupt electoral practice loses, for a five-year period, the right to vote, run for an election, participate in work of a partisan political nature. A person convicted of a corrupt electoral practice also becomes disqualified from serving as a member of the council of any municipality during that period.

Since the corrupt electoral practice results in the loss of election rights, the person concerned can no longer act as the official representative and agent of an authorized entity or as the financial representative of a party leadership candidate.

## 8.5 Transmission of information under the *Act respecting contracting by public bodies*

Pursuant to section 648.1, information relating to any criminal proceedings instituted by the Chief Electoral Officer and any conviction relating to the offences listed in sections 610 (2°), (3°), (4°) and 610.1 (2°) of the *Act respecting elections and referendums in municipalities* will be transmitted to the commissioners associated with the audits of the Unité permanente anticorruption (UPAC) as well as to the Autorité des marchés publics for appropriate treatment, pursuant to the *Act respecting contracting by public bodies* (CQLR, c. C-65.1).

You must therefore be vigilant and ensure that you comply with the *Act*. If in doubt, please do not hesitate to contact treasurer of your municipality or a coordinator of the Service du Registre, de la coordination et de la conformité des contributions politiques.

We strongly encourage you to read sections 595 to 645 of the *Act respecting elections and referendums in municipalities*.