



## **INFORMATION SHEET 8**

### **ANNUAL ALLOWANCES FOR POLITICAL PARTIES**

#### **DISCLAIMER**

These information sheets set out Elections Canada's current interpretation of the *Canada Elections Act* and are issued to assist the public in understanding the Act. The views expressed in information sheets are not law and are not intended to replace the official text of the Act. How the Act applies to any particular case will depend on the individual circumstances of that case. Elections Canada reserves the right to reconsider any interpretations expressed in information sheets, either generally or in light of the actual circumstances of any case, and in accordance with continuing legislative and judicial developments.

## Annual Allowances for Political Parties

### *Eligibility*

1. A registered party that obtains at least 2% of all valid votes cast at a general election or at least 5% of the valid votes cast in the electoral districts in which it ran a candidate in a general election is eligible for an annual allowance. (s. 435.01(1) *Canada Elections Act*)
2. A party that obtains the number of votes required to qualify for the annual allowance will receive the first payment of the allowance in the quarter after the general election in which it became eligible.<sup>1</sup>
  - 2.1 The allowance is payable to a party “whose candidates for the most recent general election *preceding that quarter* received at that election” the necessary threshold percentage of votes (s. 435.01 CEA). Thus, where a party is registered and/or secures the necessary percentage of votes as a result of a general election held within a quarter, the entitlement for that quarter is still determined on the basis of the most recent general election *preceding that quarter*. The party therefore will not actually become entitled to an allowance until the next quarter when the determinative general election will be the general election that was just held.
3. A party that loses its registered status in a quarter will not be eligible to receive its annual allowance for any part of that quarter.
  - 3.1 That is because under s. 435.02(1) the CEO is to provide the Receiver General at the end of the quarter with a certificate that sets out the amount of the allowance payable to “the registered party” for that quarter. Thus, a party must be registered at the time of the certificate to receive the allowance.

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<sup>1</sup> Sections 435.01, 435.02, *Canada Elections Act*.

***Amount of payment***

4. Each registered party that is eligible for the annual allowance will receive a quarterly payment that is equivalent to 43.75 cents per valid vote it obtained in the most recent general election preceding the quarter for which the payment is being made. (s. 435.01(2) CEA)
5. On an annual basis, the payment is equivalent to \$1.75 per valid vote obtained.
6. The allowance will be indexed to inflation. (s. 435.01(2)(b) CEA)

***When payments will be made***

7. Payments will be made by the Receiver General of Canada following each quarter, on receipt of a certificate from the Chief Electoral Officer of Canada setting out the amount to be paid, and certifying that the party has complied with certain financial filing obligations. (s. 435.02(1) CEA)
8. Payments will, therefore, be made following each March 31, June 30, September 30 and December 31.
9. The allowance will be withheld if one of the following financial statements that a registered party is required to file is overdue:
  - 9.1 an annual financial transactions return
  - 9.2 a quarterly return on contributions and transfers received by the party
  - 9.3 an election expenses return (s. 435.02(2) CEA)
10. A statement that is not *overdue* will not operate to postpone the giving of the certificate.
  - 10.1 Subsections 424(4) and 429(3) of the CEA require the chief agent of a registered party to file the required financial return *within* six months of the end of the fiscal year or polling day (as the case may be). That requirement runs for the full six months (i.e. the requirement to file does not arise only at the end of the six-month

period). Thus, in the context of the fiscal returns required by s. 424, when s. 435.02(2) refers to the failure to file a statement that a party is required to provide it must be referring only to returns that have not been filed as required by ss. 424 and 429 – rather than a return that has not yet been filed but for which the six-month period for filing has not yet expired. Otherwise, the practical operation of s. 435.02(2) would be to reduce the time period expressly allowed for the filing of fiscal returns in order to avoid the delay in the payment of the allowance for the first quarter of each year. Similarly, with respect to the election return required by s. 429, the allowance for a quarter falling immediately after a general election would also likely be delayed in most cases as the registered parties would not likely have had sufficient time to file the election return. Parliament would likely have used more express words if it intended, in practical terms, to reduce the express period of time allowed for the filing of returns.

11. Once an overdue return is filed, any past quarterly allowances withheld will be paid. (s. 435.02(2) CEA)
12. As a transitional measure, the annual allowance for 2004 will be paid out in full at the beginning of the year. If a general election is held in 2004, adjustments will be made later in the year to compensate for any underpayment or overpayment. (s. 71, S.C. 2003, c. 19)

### ***Merger of Registered Parties***

13. If registered parties merge, the allowance payable to the merged party is simply the aggregate of the allowances to which the merging parties would have been entitled to had they not merged. (s. 435.01(4) CEA)
14. Thus, two registered parties that were not entitled to an allowance individually because neither had secured the minimum vote threshold, will not become entitled to an allowance by merger – even if the aggregate of the votes secured by the two parties would be above that threshold.