

GEO CONFERENCE 2007

Tracking Money in Politics

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Objectives of Political Financing Regulations

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

Key Features of the Legislative Framework Regulating Political Financing

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

Registration

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

Expense Limits

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

Contribution Limits

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

Public Funding

Offset the impact of contribution limits

- Enhances level playing field
- Enhances financial stability of political parties
- Direct Public Funding – related to election expenses and/or on an ongoing basis
- Determine acceptable thresholds
- Adjust amounts for inflation
- Consider indirect public funding and other benefits
 - Tax credits
 - Equal access to broadcasting time
 - Equal access to government-owned resources

Reporting and Public Disclosure

- The public has the right to know
- Determine the level of reporting needed
- Format should be prescribed to ensure consistency
- Timing and frequency
- Enhances compliance with limits
- Goes hand-in-hand with effective enforcement
- Public disclosure creates a level of self-monitoring among participants

Use of Technology

- Investment in electronic publication is critical to timely disclosure of information
- Timely publication is key to transparency - web-based is key
- Internal systems can assist compliance and enforcement – system of ‘red flags’

Compliance and Enforcement Preventative Measures

Preventative measures

- Education and training
- Web-accessible tools, forms, manual etc.
- More cost effective than enforcement
- Professional audit before filing to ensure reports are prepared to an acceptable standard

Compliance and Enforcement Tools

- Encourages political participants to comply with rules
- Independent review of financial reports by EMB
- Flexible system to address minor infractions/inadvertent errors
 - Extensions to filing deadlines
 - Correction of errors and omissions
- Enforcement Tools
 - Compliance agreements, caution letters, etc.
 - Prosecutions

Conclusion

- System must continuously adapt to the political environment – consultation with stakeholders is key
- Public expectations must be met (including media)
- Balance struck between public and private funding
- Financial health of political entities must be maintained
- No one size fits all – and it takes time to put foundation in place
- Sharing best practices is key to successful and sustainable implementation