Legislative Summary **LS-448E**

BILL C-24: AN ACT TO AMEND THE CANADA ELECTIONS ACT AND THE INCOME TAX ACT (POLITICAL FINANCING)

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5 February 2003
Revised 11 June 2003

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LEGISLATIVE HISTORY OF BILL C-24

HOUSE OF COMMONS		SENATE	
Bill Stage	**Date**	**Bill Stage**	**Date**
First Reading:	29 January 2003	First Reading:	11 June 2003
Second Reading:	18 March 2003	Second Reading:	16 June 2003
Committee Report:	5 June 2003	Committee Report:	19 June 2003
Report Stage:	10 June 2003	Report Stage:	
Third Reading:	11 June 2003	Third Reading:	19 June 2003

Royal Assent: 19 June 2003

Statutes of Canada 2003, c. 19

N.B. Any substantive changes in this Legislative Summary which have been made since the preceding issue are indicated in **bold print.**

Legislative history by Peter Niemczak

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TABLE OF CONTENTS

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BILL C-24: AN ACT TO AMEND THE CANADA ELECTIONS ACT AND THE INCOME TAX ACT (POLITICAL FINANCING)*

BACKGROUND

Bill C-24, An Act to amend the *Canada Elections Act* and the *Income Tax Act* (Political Financing), was introduced in the House of Commons by the Leader of the Government in the House, the Hon. Don Boudria, PC, MP, and received first reading on 29 January 2003.

The bill is considered to be a key component of the Prime Minister's Eight Point Action Plan on ethics in government, which he outlined in a speech to the House of Commons on 23 May 2002. On 11 June 2002, the Prime Minister announced that the Government promised to introduce strengthened legislation governing the financing of political parties and candidates, in order to enhance the fairness and transparency of the electoral system. This was reiterated in the 30 September 2002 Speech from the Throne opening the second session of the 37th Parliament.

The bill represents the most significant reform to Canada's electoral and campaign finance laws since the 1974 *Election Expenses Act* established a regime for the financing of federal elections in Canada. The 1974 legislation responded to growing concern over the political fundraising and the financing of parties and election campaigns, and was the culmination of more than a decade of debate and re-examination of the fundamental principles of Canadian elections.

The main purpose of the legislation was to control election spending by both parties and candidates. The Act introduced a degree of financial equivalency among different candidates and provided public financial assistance to parties and candidates. In return, controls and requirements were imposed in order to enable public scrutiny and to encourage greater

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* Notice: For clarity of exposition, the legislative proposals set out in the bill described in this Legislative Summary are stated as if they had already been adopted or were in force. It is important to note, however, that bills may be amended during their consideration by the House of Commons and Senate, and have no force or effect unless and until they are passed by both Houses of Parliament, receive Royal Assent, and come into force.

public confidence in the political and electoral process. Premised on the notion that the financing of elections should be open to public scrutiny, the Act imposed spending limits on parties and candidates; provided for the disclosure of campaign expenses and contributions; introduced a system of partial public financing, involving partial reimbursement of election expenses and tax credits for donations, with an emphasis on smaller donations; regulated political broadcasting by parties and candidates; and implemented various other changes designed to make the political process more equitable. Subsequent amendments to the *Canada Elections Act* have modified some of the details regarding electoral finance, but the general approach has remained the same.

Various issues have emerged with respect to campaign and electoral finance in recent years. The expenses of nomination and leadership campaigns are at present unregulated, a situation that has been criticized. In addition, concerns have been expressed over the continued influence of major donors, including corporations, unions and other entities. Proposals have been put forward to limit donations or the sources of donations. Since 1977, the Province of Quebec, and, since 2000, the Province of Manitoba, have had very stringent laws regarding political donations, and it has been urged that similar rules should be enacted at the federal level. The Royal Commission on Electoral Reform and Party Financing (the "Lortie Commission") tabled a major report in 1991 that included proposals regarding electoral financing. The Chief Electoral Officer has also made numerous recommendations in his reports to Parliament after each general election on issues such as the registration of constituency associations and the regulation of leadership and nomination campaigns.

DESCRIPTION AND ANALYSIS

Bill C-24 has several general components or themes:

- a ban (with minor exceptions) on political donations by corporations and unions;
- a limitation on individual contributions;
- the registration of constituency associations, with reporting requirements;
- the extension of regulation to nomination and leadership campaigns; and
- enhanced public financing of the political system, particularly at the level of political parties.

The bill is highly complex, and by virtue of its subject matter many of its provisions are very technical. The fact that it amends the *Canada Elections Act*, S.C. 2000, chap. 9, as amended, rather than being a complete code in itself, further complicates matters. The following is a summary of the principal provisions of the bill. It is intended as a general overview and guide to the bill, and, as always, reference should be made to the specific wording of the legislation.

A. Political Contributions (Clauses 24-25)

Currently, political contributions can be made by individuals, corporations, unions and other organizations; only non-Canadians and foreign companies, associations, unions or governments are prohibited from making political donations. Moreover, although tax deductions favour smaller donations, there are no upper limits on the amount of contributions.

Bill C-24 introduces a requirement that, with some minor exceptions, only individuals (citizens and permanent residents) may make financial contributions to registered parties, candidates, constituency associations, and leadership and nomination contestants. (The Quebec legislation apparently uses the term "elector" rather than "individual.") Contributions by individuals will be subject to an annual limit of **$5,000** in total to each registered party and its electoral district associations, candidates and nomination contestants (proposed section 405(1)). This figure will be adjusted for inflation (proposed section 405.1), and does not apply to testamentary bequests (proposed section 405(2)). This limit also does not apply to leadership campaigns: during a leadership contest, individual contributions are subject to a separate contribution limit of **$5,000** collectively to one or more leadership contestants of a registered party (proposed section 405(1)(c)). **Contributions by a contestant or candidate from his or her own funds to his or her campaign do not count towards these $5,000 limits.**

The bill prohibits corporations, trade unions and associations from making contributions to any registered political party or to any leadership contestants. They may contribute small amounts – a maximum or total of $1,000 collectively – to a party's candidates, nomination contestants and electoral district associations **and to a candidate for an election who is not the candidate for a registered party (proposed section 404.1(1)).** Corporations that do not carry on business in Canada, trade unions that do not hold bargaining rights for employees in Canada, Crown corporations, and corporations that receive more than 50% of their funding from the Government of Canada are ineligible to make even this reduced contribution (proposed section 404.1(3)).

"Contributions" appear to include most donations of money as well as goods and services that are donated "in kind"; **membership fees would not count as contributions (proposed section 404.2(6)).** A candidate's or contestant's own funds are considered a contribution (proposed section 404.2(1)).

The bill contains prohibitions on circumventing the limits, and concealing the sources of contribution (proposed section 405.2). This is designed to avert the possibility that corporations or unions could give money to their officers or employers to contribute to a party. Indirect contributions are also prohibited, with the exception of limited indirect contributions through fundraising entities (proposed section 405.3).

The people who are authorized to provide receipts for contributions are strictly regulated in the bill. The reports filed by registered parties, constituency associations, and nomination and leadership contestants must include a statement of contributions by category or class of contributors (individuals, corporations, trade unions, and unincorporated associations other than trade unions), the number of contributors in each class, the name and address of each contributor who makes contributions that total more than $200, the amount and the date; and, in the case of a numbered company, the name of the chief executive officer or president. Provisions are made for the return to the donor – or the Receiver General – of ineligible contributions, and the return of contributions made in contravention of the bill, as well as in cases where the identity of the donor cannot be determined. The bill defines the terms "corporation" and "trade union" (proposed section 404.1(2)) to include corporations controlled, directly or indirectly, by a corporation or the same person or group of persons, or branches and local unions. Certain transfers between parties and constituency associations to leadership and nomination contestants are disallowed. **Goods and services can be provided to a leadership contestant or a nomination contestant if they are offered equally to all contestants.** "Directed contributions" to leadership contestants are permitted if certain conditions are met (proposed section 404.3).

The Standing Committee on Procedure and House Affairs amended the bill to raise the dollar amount that must be receipted by a registered party, association, candidate, leadership contestant or nomination contestant from $10 to $25.

B. Registration of Constituency Associations (Clause 23, Division 1.1)

At present, constituency associations are not separately registered, nor are they required to provide financial or other reports directly to Elections Canada. The Lortie Commission, a 1991 Special Committee of the House of Commons, and the Chief Electoral Officer have all recommended that constituency associations of registered parties be required to be registered. Under Bill C-24, constituency associations – referred to as "electoral district associations" (or EDAs) – will be required to register with Elections Canada. They will be required to provide certain information, and to report annually (proposed section 403).

Only a registered electoral district association can accept contributions; provide goods or services or transfer funds to a candidate; provide goods or services or transfer funds to a registered party or association; or accept surplus electoral funds of a candidate, leadership contestant or nomination contestant (proposed section 403.01). The electoral district association has to report within five months of its fiscal period (the calendar year) (proposed section 403.35(4)). **Each electoral district association is to have one auditor and one financial agent; it may appoint electoral district agents, who are the only persons able to accept contributions and to incur and pay expenses on behalf of the association (proposed section 403.09).** Corporations can act as agents. The names of the electoral district agents are to be forwarded to Elections Canada, which is to maintain a register, and the registration information is to be confirmed by 31 May in each year.

An electoral district association cannot accept contributions until it is registered (proposed section 403.01). **During an election period, the electoral district association shall not incur election advertising expenses (proposed section 403.04).**

Only one electoral district association per party per constituency will be permitted (proposed section 403.03). The application for registration requires a signed declaration by the party leader (proposed section 403.02(2)(c)). Electoral district associations can be deregistered – either voluntarily or, for instance, for failing to provide documents or file returns (proposed sections 403.18-26). The procedure for non-voluntary deregistration is set out in proposed section 403.21. An electoral district association will also be deregistered following redistribution if the riding boundaries change (proposed section 403.22), although it will be able to transfer its goods or funds without triggering any problems. It should be noted that clause 18 (proposed section 389.2) provides that if a registered party is deregistered, its registered associations are also deregistered.

There are detailed provisions regarding the financial administration of electoral district associations (proposed sections 403.27-42). These include: provisions for the processing of expense claims; deemed contributions (claims unpaid after 18 months); financial reporting; contributions to be forwarded to the Receiver General in certain cases; and corrections and extended reporting periods. An auditor's report is required if the contributions or expenses of the electoral district association exceed $5,000 (proposed section 403.37); provision is made for the payment of audit expenses to a total of $1,500 (proposed section 403.39). Pursuant to clause 30 (proposed section 412(2)), the returns of registered associations shall be published.

C. Nomination Campaigns (Clause 57, Division 5)

Currently, only candidates and registered political parties are subject to spending limits, and only during elections. For a candidate, the spending limit is based on the number of eligible voters in the riding. For a registered party, the spending limit is based on the number of electors in the constituencies in which the party has candidates. The bill extends spending limits to nomination contestants, setting the limit at **20% (reduced during the Committee stage in the Commons from the original 50%)** of the amount to which the candidate in that riding was subject during the last election period (proposed section 478.14).

Although it appears that many nominations are unopposed and that, even where there is more than one candidate, most campaigns are relatively inexpensive, there have been examples of high-profile and very costly nomination battles. Recommendations have been made that the nomination process be regulated to some degree. To the extent that this is, arguably, an "internal matter" to the party and its constituency association, there is likely to be resistance. At the same time, nomination campaigns are an integral part of the electoral process and can have an influence on the ensuing election; on such an analysis, this is an argument for greater transparency. The imposition of spending limits and restriction of contributions is also intended to level the playing field and assist candidates, such as women and visible minorities, that traditionally have been considered disadvantaged.

An electoral district association will be required to report to Elections Canada within 30 days of the date on which the nomination contest is held (proposed section 478.02). A nomination contestant is deemed to have been one from the time that he or she accepts contributions, or incurs expenses (proposed section 478.03). There is a duty to appoint a financial agent to accept donations and incur expenses (proposed section 478.04). Nomination contestants will be

required to report contributions and expenses to the Chief Electoral Officer, provided that they accept **$1,000** or more in contributions or incur expenses of more than **$1,000** (proposed section 478.23(1)). These new reporting obligations follow the nomination or election campaign (proposed section 478.02), unlike leadership contestants, who have reporting requirements during the campaign period. Where required, the return includes details regarding contributions and expenses, and must be submitted within four months following the end of the nomination contest; if the nomination contest is held during an election campaign, the return may be filed at the same time as candidate reports (proposed section 478.23(7)). It should be noted that contributions to a nomination contestant, while required to be receipted and reported, and counted towards the **$5,000** annual limit for donations, are not eligible for a tax deduction.

Provision is made for the surplus funds of a nomination contestant to be transferred to the official agent of the successful nominee, the constituency association or the party (proposed sections 478.39-42). No provision is made for "directed contributions" to a nomination contestant through a party or constituency association.

There are provisions in the bill regarding the financial administration of nomination contestants: the powers, duties and functions of financial agents (proposed sections 478.11-15; the recovery of claims, including deemed contributions (proposed sections 478.16-22); completion of the return on financing and expenses in a nomination campaign (proposed sections 478.23-31); selection during election (proposed section 478.23(7)); and corrections and extended reporting periods (proposed sections 478.32-38). A nomination candidate who has accepted or spent more than the $10,000 total must appoint an auditor (proposed section 478.25). Pursuant to clause 30 (proposed section 412(2)), the returns of nomination contestants shall be published.

D. Leadership Campaigns (Clause 40, Division 3.1)

Party leadership campaigns are currently outside the ambit of the *Canada Elections Act*. This has long been identified as a gap in the system. Reports to Parliament of the Chief Electoral Officer of Canada have pointed out that the selection of a leader can be an extremely important political event, and can involve the raising and expenditure of significant amounts of money, often financed in part by contributions for which tax receipts are issued. Various reforms to leadership campaigns have been suggested, most fundamentally transparency

in financing by requiring reports regarding contributions and expenses. This concept is introduced in Bill C-24. The suggestion of imposing spending limits on leadership candidates has not been adopted in Bill C-24; any such limits will remain the responsibility of the political party involved.

Once a leadership campaign is called by a registered party, the party is to notify Elections Canada (proposed section 435.04). Leadership candidates are deemed to be candidates once they have accepted funds or incurred expenses for the leadership contest (proposed section 435.05(2)). Candidates will be required to register with Elections Canada in order to accept contributions or incur expenses (proposed section 435.05). The bill sets out the information that must be contained in the application and accompanying documents (proposed section 435.06); among other things, the party is required to accept the candidacy. A registry of leadership candidates will be maintained by Elections Canada. Candidates will be required to disclose the amounts and sources of contributions received prior to the date of registration, and thereafter. In each of the four weeks immediately preceding the leadership convention, they will be required to submit information on amounts and sources of donations. Six months following the leadership contest, they will be required to submit information on additional contributions received, as well as all expenses incurred, to the Chief Electoral Officer.

While a leadership candidate must appoint an auditor at the time of registration, the requirement for an audited report is tied to the threshold of spending or receiving more than $5,000 (proposed section 435.33). Leadership campaign agents are to be appointed (proposed sections 435.08-09); a financial agent and auditor are required. Provision is made for the withdrawal of leadership candidates (proposed sections 435.17-18), and for the party to be notified of any failure of a candidate to comply with his or her reporting or other requirements under the bill (proposed section 435.19). Pursuant to clause 30 (proposed section 412(2)), the returns of leadership contestants shall be published.

The **$5,000** annual limit for individuals' contributions to political parties does not apply to leadership campaigns, which have a separate annual contribution limit of **$5,000** (proposed section 405(1)(c)). Corporations and unions are not eligible to contribute any money to leadership contestants.

The bill contains provisions regarding the financial administration of leadership contestants; the role of the financial agent; recovery of claims, deemed contributions; return of financing and expenses; and corrections and extended reporting periods (proposed

sections 435.2-435.47). Any surplus leadership campaign funds are to be transferred to a registered party or electoral district association within 60 days (proposed sections 435.44-46).

E. Public Financing Measures

Bill C-24 contains significant public financing measures. The intention appears to be to compensate parties for the removal of corporate and union donations, which are largely made at the party level rather than to individual candidates or constituency associations. Political parties are at the heart of a modern political and electoral system and, arguably, are essential to a vibrant and viable democratic system. Whether this should entail public funding – directly or indirectly – and, if so, what level is appropriate, is an important philosophical and policy debate. At present, registered political parties are publicly funded through the tax system (deductions for contributions) and through the partial reimbursement of election expenses. Candidates are also reimbursed for a proportion of their election expenses, while contributors can take advantage of the favourable tax treatment of political donations. Bill C-24 proposes to enhance and extend this regime.

Currently, registered parties can be reimbursed for 22.5% of their election period expenses. The rate of reimbursement of electoral expenses for candidates is currently 50%. Bill C-24 proposes to raise to **60%** the reimbursement rate for registered parties' election expenses. With respect to individual candidates, the bill proposes that the percentage of votes that a candidate must obtain in his or her riding to qualify for reimbursement of electoral expenses be lowered to 10% from the current 15% (proposed section 430; amendment to proposed section 464(1); see also clauses 48, 52, 53).

The bill provides for an annual allowance to registered parties in the amount of **$1.75** per vote received by the party in the previous general election, provided the party has received in the last election either 2% of the valid votes cast nationally or 5% of the votes in the ridings where the party ran candidates (proposed section 435). The figure of **$1.75 was raised by the House of Commons at Report Stage from $1.50 and is now also to be adjusted for inflation. This $1.75 per vote amount is** apparently based on the calculations of potentially lost income to parties as a result of the changes in the eligibility of donors, **and is designed to be revenue-neutral.** It appears that several provinces in Canada provide allowances to registered parties based on their electoral results.

As an incentive to encourage contributions by individuals, the bill also introduces amendments to the *Income Tax Act* to double the amount of an individual's political donation that is eligible for a 75% tax credit, from $200 to $400, and to increase accordingly each other bracket of the tax credit, to a maximum tax credit of $650 for political donations of $1,275 or more. The *Income Tax Act* amendments in the bill (clauses 73-74) will apply to the 2003 tax year and beyond.

F. Administrative

As is to be expected in a bill as complex as this, Bill C-24 contains a number of administrative and consequential changes. Some of these involve amendments to existing provisions, while others involve the addition of new sections. For instance, major revisions to the offences sections of the *Canada Elections Act* are required as a result of the new substantive provisions in the bill. In addition, clause 26 (proposed section 407(3)) amends the definition of "election expense" to include elections surveys and research. There are also transitional provisions (clauses 65-72), including the effect of the new provisions if they come into force during an election or leadership campaign.

During Report Stage in the House of Commons, the bill was amended by adding a new clause requiring that when any committee of the House reviews and reports upon the Chief Electoral Officer's report concerning suggested legislative changes following a general election, the said committee shall consider the effects of Bill C-24 concerning political financing (proposed section 536.1)

Bill C-24 will come into force on 1 January 2004 **except for proposed section 34.1, which comes into force on 1 January 2005, and proposed sections 49(1) and (2), which are deemed to have come into force on 1 September 2000 (clause 75).**

COMMENTARY

Whereas the 1974 legislation regarding electoral finance focused on spending limits, Bill C-24 is largely concerned with restrictions on contributions. The 1974 legislation introduced an element of public financing, while the latest bill enhances the public financing component of the system. Bill C-24 also significantly extends the regulation of financial activities by constituency associations, as well as leadership and nomination contestants.

The bill appears to be primarily motivated by a desire to enhance fairness and transparency. Perceptions of undue influence and alleged scandals seem to have led to some of the changes, but it should be noted that a number of the measures embodied in the bill have been advocated by election observers in the past. The bill appears to be an attempt to restore public confidence in the electoral system and the democratic process. Whether its provisions are required – and whether they will fulfil this objective – will be the subject of debate.

There are a number of basic issues contained in the bill that represent policy decisions. While some of these are interrelated, others could stand alone. For instance, a decision to ban corporate and union political contributions does not necessarily require that public financing replace the forgone revenues. Nevertheless, there are competing interests and concerns that need to be balanced.

The prohibition on corporate and union contributions is perhaps the most far-reaching and significant change in the bill. There is precedent for this in Canada – notably Quebec and, more recently, Manitoba – as well as internationally. Corporations and trade unions do have legal personalities, and denying them the right to contribute to the electoral process raises questions. Against this is the fact that they are not voters. Some corporations and unions have voluntarily adopted policies of not contributing to political parties or candidates. In other jurisdictions, rules have been developed to require shareholder or union membership approval of political donations.

Rather than a complete ban, an exception is made for a maximum annual contribution of $1,000 to constituency associations, candidates, and nomination contestants. This appears to be motivated by the fact that some constituents prefer to contribute through incorporated businesses. Questions have been raised as to whether it would be more sensible to have the same **$5,000** limit for corporations and unions as for individuals.

Concerns have also been expressed that corporations and unions may try to find ways around the prohibition on donations. There is anecdotal evidence regarding companies asking employees to make political donations, and then reimbursing them under the table. While Bill C-24 contains provisions to combat such behaviour, there are likely to be difficulties in proving such activities. Whether these anti-avoidance provisions will be sufficient will become clear only over time.

The public funding involved in the regime contained in Bill C-24 is controversial. The allowances to political parties and the increased reimbursement of their electoral expenses will come out of public funds; while estimates of the cost vary, the amount involved is significant. Whether this is an acceptable cost for a democratic electoral system is at the centre

of the debate. Should parties be subsidized by the state, or should they be required to rely on their own fundraising efforts? Will public funding make them less sensitive to voters and individual supporters, or allow them to develop their policies and carry out their activities without having to scramble for donations? Will the altered contribution and funding regime affect the internal operations and nature of party governance? Will the acceptance of state funding affect public attitudes towards political parties? The perception of politicians voting to subsidize their own political entities – and estimates as to what each existing party would receive under the formula – is inevitably negative. Some people argue that political donations should be voluntary, rather mandatory, and there have been complaints regarding the use of tax money to support parties or points of view with which individuals may disagree. Under the proposed regime, new and emerging parties will likely find it more difficult to become established, while it is arguable that it will help perpetuate older and more established parties.

With respect to the proposed formula for public financing of parties, it has been suggested that this introduces an element of proportional representation into our first-past-the-post electoral system. Under the bill, funding will be proportionate to votes, not seats. It will presumably advantage national parties, or parties with widespread popular support, over regional ones.

One of the difficulties and shortcomings of any reporting regime is the time-lag between the events and the tabling or publication of the report. There are differing time limits in the bill, presumably based on the amount of time required to obtain the necessary information and prepare the necessary documents. Many of these events – such as elections and nomination or leadership campaigns – can be very intense and concentrated. Transparency after the fact can be a source of discipline, but time delays minimize its value in assisting the decision-making process. Thus, problems will not be apparent until later. The proposed rules whereby leadership contestants will be required to report weekly in the last four weeks of a campaign are an attempt to address this issue.

The new restrictions and limits on contributions – as well as the extensive new reporting requirements – will necessitate considerable monitoring and enforcement. Staff will be required to answer questions and provide guidance, and to review the various reports and returns that are called for. This could involve a significant bureaucracy. Through publication of the various reports required by the bill, political opponents will be able to carefully examine contributions and expenses, but there also needs to be follow-up by Elections Canada.

A number of issues remain unclear. Concerns have been expressed in the past regarding the use of trusts in the electoral and political process. The changes proposed in

Bill C-24 will probably reduce the attractiveness of such devices, and the extent to which such funds are accumulated or used to fund electoral expenses. Non-electoral use of trusts is outside the ambit of the bill. Questions have also been raised regarding the existing debts of political parties, and to what extent these can – or should – be considered in terms of public financing arrangements.

A number of the provisions contained in Bill C-24 appear to be designed to address specific concerns or problems. At the same time, the provisions of the bill will influence future decisions and behaviour, and may well have implications beyond those anticipated. The impact of the bill on individual players remains to be seen, although it is possible to anticipate some of these.

- Individuals will be restricted to a maximum contribution of **$5,000** per party (through its various emanations). It is unlikely that many individuals currently contribute close to this amount. The favourable tax treatment applies only to the first $1,275 contributed, so amounts beyond this will be given for non-tax purposes.

- Nomination contestants will be required to keep track and report their contributions and expenses. Although they will have a spending limit (rarely approached except in a few high-profile, mainly urban ridings) and contribution limits, donations will not be tax deductible, nor will expenses be reimbursed. Surpluses at the end of the nomination campaign must be accounted for and transferred in accordance with the bill.

- Leadership contestants will be required to report publicly their contributions and expenses. They will be able to take advantage of a separate annual contribution limit of **$5,000** per individual, and specific provisions are made for channelling donations through the parties to avail the donors of the tax deductibility. No limits are imposed on the costs of leadership campaigns, but surpluses will have to be dealt with as set out in the bill.

- Political parties will lose corporate and union donations, but will receive an increased reimbursement of election expenses and an allowance based on their results in the last general election. This money – which will flow to the party, not its individual constituency associations – will greatly assist in the operations of the party. It will benefit in particular those parties that receive a relatively high percentage of the popular vote, and perhaps influence strategies for electoral campaigning.

Underlying Bill C-24 are beliefs that full disclosure and financial controls will increase public confidence in the system, and that financially healthy political parties will contribute to the vitality of the electoral process. It is one part of a broader attempt to re-invigorate the political system. Canada, like other western democracies, has experienced declining voter turnout in recent years, particularly among younger voters. Whether Bill C-24 will help address this problem is unclear.

As noted above, Bill C-24 was referred to the House of Commons Standing Committee on Procedure and House Affairs after second reading. Following its consideration and reporting back of the bill, the Committee tabled a narrative report, its thirty-sixth, in which it set out a number of issues and concerns relating to political financing. This report was tabled in the House of Commons on 10 June 2003. Among other issues, it addressed:

- **concerns about the administrative burdens on constituency associations, and the costs of complying with the bill;**
- **public funding of the electoral process, including its basis, level and transitional measures;**
- **the coming into force of the bill, including measures needed to temper the impact of the provisions it contains;**
- **areas of concern in the bill that will bear monitoring in the future, such as: the differential treatment of franchises and corporate entities; the equal treatment of union locals with corporate franchises and affiliates; the provisions regarding contributions that are flowed through "associations"; and whether the revised anti-avoidance provisions are sufficient;**
- **concerns of some Members about the general costs of elections and campaigning;**
- **the need to monitor the electoral finance provisions contained in Bill C-24 in the next general election;**
- **the desire that figures in the Act be indexed to inflation (except the income tax credits);**
- **concern about participation rates in the political process, particularly voter turnout among young people; and**
- **a general concern that if the regulation of third-party spending in electoral campaigns under the *Canada Elections Act* is struck down by the Supreme Court of Canada, this will undermine the provisions contained in Bill C-24, and will require those provisions to be re-examined.**

Several of these points were included in amendments adopted by the House of Commons at Report Stage.