

**FINANCIAL MODULE
TO LEADERSHIP SELECTION RULES**

December 20, 2017

GENERAL

LEADERSHIP CANDIDATES' FINANCES

1. In the event of a conflict between this Financial Module on Leadership Candidates' Finances and the Rules once they are passed, the Rules govern.

OFFICIAL AGENTS

2. Each prospective candidate, upon publicly announcing an intention to seek the leadership of the Party, shall appoint an Official Agent and give notice of the appointment to the Provincial Director of the Party.
3. An Official Agent shall be a member of the Party.
4. The obligations of an Official Agent commence when the prospective candidate publicly announces an intention to seek the leadership of the Party.
5. The appointment and consent of an Official Agent shall constitute part of the leadership candidate's nomination papers.
6. An Official Agent shall provide an email address and mailing address where communications to the leadership candidate may be transmitted and thereby deemed to be received by the leadership candidate personally.
7. An Official Agent shall be responsible for supplying, from time to time, to the Leadership Selection Committee, or any of its subcommittees, any reports or other communications that may be required by these rules, including, but not limited to, reports concerning the compliance of the leadership candidate with the financial provisions set out in these rules.

FINANCIAL REPORTING

8. An Official Agent shall provide to the Provincial Director of the Party at the offices of the Party a report outlining the detailed accounting of the expenses of the candidate in accordance with the Rules.

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9. The report required to be provided by an Official Agent in accordance with the Rules shall cover the reporting period set out in Column A of the following table, and shall be provided not later than 5 p.m. on the date set out in Column B of the following table:

COLUMN A	COLUMN B
REPORTING PERIOD	REPORTING DATE
November 1, 2017 to December 31, 2017	February 1, 2018
January 1, 2018 to March 31, 2018	May 1, 2018
<i>[to be set by the Rules]</i>	<i>[to be set by the Rules]</i>

10. Each report required to be provided in accordance with the Rules shall be in a form prescribed by the Director of Financial Compliance.

CAMPAIGN ACCOUNT

11. An Official Agent shall open an account at a chartered bank or credit union, at a branch located in the province, on behalf of the leadership candidate into which all revenues shall be deposited and from which all payments shall be made.
12. The Official Agent shall provide the Director of Financial Compliance, with respect to the campaign account:
- (a) the name under which it has been opened,
 - (b) the name of the financial institution where it has been opened,
 - (c) the transit number of the branch of the financial institution where it has been opened, and
 - (d) the account number,

none of which may thereafter be changed without first notifying the Director of Financial Compliance.

13. A campaign account shall be used only for transactions relating to the conduct or management of the campaign of a prospective candidate, and once that prospective candidate has been accredited in accordance with these rules, a leadership candidate.
14. No money shall be used for any purpose in any way related to the conduct or management of the prospective candidate or leadership candidate's campaign unless it has first been deposited into the campaign account.

AUDITOR

15. Each prospective candidate, upon publicly announcing an intention to seek the leadership of the Party, shall appoint an Auditor and give notice of the appointment to the Provincial Director of the Party.
16. The obligations of an Auditor commence when the prospective candidate announces an intention to seek the leadership of the Party.
17. The appointment and consent of an Auditor shall constitute part of the leadership candidate's nomination papers.
18. An Auditor shall be a public accountant licensed in accordance with the *Public Accountants Act*.
19. An Auditor shall complete a report to the Official Agent stating whether, in the Auditor's opinion, each of the reports provided in accordance with the Rules present fairly the financial transactions required to be detailed in accordance with these rules.
20. A report of an Auditor completed in accordance with the Rules shall be attached to, and filed with, the final report of the Official Agent made in accordance with the Rules.
21. The Director of Financial Compliance may, in circumstances he/she deems appropriate, authorize an Official Agent to file a report made by an Auditor that is supplementary to a report completed and filed in accordance with the Rules.
22. An Auditor shall examine the books, records, invoices, bank statements, and negotiated cheques of the leadership candidate or prospective candidate and perform such tests and verifications that the Auditor deems necessary to enable the completion of the report required by the Rules.

CAMPAIGN EXPENSES

23. A leadership candidate shall not incur campaign expenses which total more than \$325,000.00, including the value of donated goods and services, on or after the date of the leadership event, including the period before a leadership candidate was a prospective candidate or a leadership candidate.

24. Subject to the Rules, all payments for any purposes related to the conduct or management of the prospective candidate or leadership candidate's campaign shall be made by the Official Agent with payments drawn on the campaign account.
25. Payments may be made with petty cash which have been authorized by the Official Agent and are less than \$50.00 on each occasion, and which shall be documented with receipts indicating the items purchased.
26. Each prospective candidate shall, upon publicly declaring an intention to seek the leadership of the Party, provide to the Official Agent a list of expenses relating to the conduct and management of the prospective candidate's campaign incurred from November 1, 2017. All contributions received in such period shall be paid over to the Official Agent.
27. In these rules, "Campaign Expenses" means, subject to the Rules, those expenses paid, liabilities incurred, the fair market value of those goods and services donated, and the difference between amounts paid or liabilities incurred, whether billed or unbilled, and the fair market value thereof for the purpose of promoting a leadership candidate's selection as Leader of the Party, provided that such amounts are paid, liabilities are incurred, whether billed or unbilled, or goods or services donated at any time on and from November 1, 2017 until and on the date the new leader is elected.
28. The value of goods and services provided is to be recorded at the fair market value of those goods and services, when discounts are not available to other customers in the ordinary course of trade.
29. The value of any discount on goods and services shall be recorded as a contribution and as a campaign expense.
30. The value of goods and services provided, without charge, by a person who normally provides them in the ordinary course of business shall be recorded as a contribution and as a campaign expense, subject to the Rules.
31. Campaign Expenses do not include
 - (a) the deposit required to be paid by a leadership candidate in accordance with the Rules;
 - (b) volunteer labour, being services provided free of charge by
 - (i) persons who are not self-employed, outside of their normal working hours, and
 - (ii) services provided free of charge by self-employed persons, provided that they do not normally sell or otherwise charge for those services;
 - (c) auditing, accounting and legal fees reasonably incurred for the purposes of complying with these rules; interest paid on loans, lines of credit, or advances of money; and

- (d) any amounts assessed by the Leadership Selection Committee in accordance with these rules for a breach of these rules.

CONTRIBUTIONS

32. An Official Agent shall only accept contributions from individuals who are resident in Nova Scotia. An Official Agent shall not accept contributions from:
- (a) a non-resident individual;
 - (b) an anonymous contribution;
 - (c) a corporation;
 - (d) an association (including a provincial or federal electoral district association);
 - (e) a charity; or
 - (f) a trade union.
- in any amount.
33. An Official Agent is permitted to accept contributions from the Conservative Women's Caucus.
34. If an Official Agent receives a contribution from an unauthorized contributor as outlined in Rule 32, that contribution must be forthwith returned to the contributor. If the contribution cannot be returned to the contributor, the Official Agent shall forthwith:
- (a) remit the contribution to the Nova Scotia Minister of Finance; and
 - (b) notify the Director of Financial Compliance of the remittance.
35. Constituency associations shall not make, and Official Agents shall not receive, any payment to a prospective candidate or leadership candidate.
36. Subject to the proviso below, no individual shall contribute directly or indirectly to a prospective candidate or leadership candidate's campaign:
- (a) more than \$5,000.00 (to all PC entities namely the Party, other candidates and constituency EDAs in the aggregate annually); or
 - (b) funds not beneficially belonging to the individual or funds that have been given or furnished to that individual by another individual for the purpose of contributing those funds unless the individual to whom the funds beneficially belong is identified as the contributor or unless the individual contributing the funds is the spouse of the person to whom the funds beneficially belong;

provided that on or after [date of Leadership Selection], no contribution in any amount shall be received by an Official Agent.

37. Where a trust or fund is established to further the goals of a prospective candidate or leadership candidate's campaign, the names of contributors to the trust or fund shall be disclosed as of the date of the transfer, regardless of when the contributors paid money into the trust or fund.
38. Where a contribution or gift of goods or services is made to a prospective candidate or leadership candidate's campaign for the purpose of sale or auction, the value of the contribution for the purpose of these rules is the dollar value at which those goods or services are sold or auctioned.
39. Every prospective candidate shall, upon publicly declaring an intention to seek the leadership of the Party, provide to the Official Agent a list of contributions provided directly or indirectly to the prospective candidate after November 1, 2017.
40. In these rules, "contributions" means services, money or other property donated to a prospective candidate or leadership candidate's campaign, but does not include personal services or the use of a vehicle volunteered by a person and not provided as part of that person's work in the service of an employer.
41. An Official Agent shall record the full name and residential mailing address (a post office box is not acceptable) of each contributor together with the amount of the contribution.
42. A list of contributions received by an Official Agent shall form part of the reports required to be provided by an Official Agent in accordance with the Rules.
43. Each list required in accordance with the Rules shall include, in respect of each contribution that was received after November 1, 2017,
 - (a) the name of each contributor who contributed more than \$200;
 - (b) the information required to be recorded in accordance with the Rules that relates to that contributor; and
 - (c) the amount of the total contributions by that contributor.

LOANS

44. No leadership candidate or the Official Agent of a leadership candidate shall borrow any amount for the purposes of the leadership campaign for a term of more than two (2) years, including any renewal or refinancing.
45. A loan to a leadership candidate or the Official Agent of a leadership candidate is not a contribution.

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46. Where a loan is made to a leadership candidate or the Official Agent of a leadership candidate at a rate of interest less than the prime rate (being the average of the rates designated as such by Royal Bank of Canada and The Bank of Nova Scotia on the date on which the loan was advanced), the difference between the prime rate and the interest payable in respect of the loan is a contribution.
47. Where a person other than a leadership candidate or the Official Agent of a leadership candidate makes a payment in reduction of the principal amount of, or interest on, a loan to a leadership candidate or the Official Agent of a leadership candidate, the payment is a contribution by such person.
48. A leadership candidate or the Official Agent of a leadership candidate shall not accept a loan unless there is a loan agreement in writing setting out (i) the amount of the loan, (ii) the term to maturity of the loan, (iii) the rate of interest, (iv) the name and address of the lender, and (v) the name and address of every guarantor or endorser of the loan or any promissory note evidencing it.
49. If a loan to a leadership candidate or the Official Agent of a leadership candidate is not repaid in full ninety (90) days following the date that the new Party leader is chosen, the Official Agent shall attach a copy of the loan agreement (and any promissory note evidencing it) to the financial report which must be filed by such Official Agent ninety (90) days following the date that the new Party leader is chosen and shall set out in such report the amount that is unpaid in respect of such loan.
50. Any contributions put through the PC Nova Scotia Fund by an Official Agent for purpose of being recorded for the issuance of a tax receipt shall be subject to a 25% levy assessed by the PC Nova Scotia Fund on behalf of the Party.

POST-CAMPAIGN PROVISIONS

51. The PC Party shall not be responsible for any debts incurred by leadership candidates.
52. All surplus funds remaining in a campaign account, after all campaign expenses have been paid, shall be paid to a registered charity in Nova Scotia not later than December 31, 2019 and the receipt therefor shall be filed with Director of Financial Compliance as soon as possible thereafter.
53. A leadership candidate shall be entitled, subject to any deductions assessed in accordance with these rules, to a refund of [*\$amount to be determined by the Rules*] of the deposit required in accordance with the Rules upon the conclusion of the leadership selection process if the leadership candidate obtained at least [*number to be determined by the Rules*] on the first ballot at the Convention.
54. Any person may examine a disclosure statement respecting contributions to a prospective candidate or leadership candidate's campaign or respecting a payment to a prospective candidate's or leadership candidate's spouse or dependent children.

55. Disclosure statements shall be available for examination at the offices of the Party at times to be prescribed by the Leadership Selection Committee.
56. A person who examines a disclosure statement pursuant to Rules may obtain a copy of that statement upon payment of a fee of one dollar per page copied.

GENERAL

57. The Leadership Selection Committee may make rules respecting:
 - (a) additional duties of Official Agents;
 - (b) how contributions of money can be made;
 - (c) the maintenance of records of money accepted as contributions;
 - (d) the maintenance and use of campaign accounts;
 - (e) the manner in which disclosure statements are made available;
 - (f) audits of records of contributions to a prospective candidate or leadership candidate's campaign, spouses and dependent children; andany other matters related to Leadership Selection.