

INTERPRETATION BULLETIN No. 04

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Recording Expenses that Span Campaign and Election Periods

Both campaign expenses and election expenses must be reported to the Chief Electoral Officer under section 43 of the *Election Finances Contributions Disclosure Act* (the EFCDA) and election expenses are subject to spending limits (see EFCDA sections 41.2 and 41.3).

The Chief Electoral Officer recognizes that some expenses will be for goods or services that are used or consumed during both the campaign and election periods. This Interpretation Bulletin is intended to provide clarity with respect to how to record such expenses so that the reporting rules for both campaign expenses and election expenses are respected.

As a general principle, expenses incurred for things that will be consumed or carried out during both the campaign period and the election period should be claimed as both a campaign expense and an election expense in proportion to the period of their consumption, impact or use.

What is a Campaign Expense?

Campaign expenses are defined at section 1.1 of the EFCDA:

Campaign expenses

1.1(1) *For the purposes of this Act, a campaign expense is any expense incurred, or non-monetary contribution received,*

- (a) by a registered party, registered constituency association or registered candidate to the extent that the property or service that the expense was incurred for, or that was received as a non-monetary contribution, is used to directly promote or oppose a registered party, a registered constituency association or a registered candidate during a campaign period, and*



(b) *by a nomination contestant or leadership contestant, to the extent that the property or service that the expense was incurred for, or that was received as a non-monetary contribution, is used to directly promote or oppose a nomination contestant or leadership contestant during a campaign period of the nomination contestant or leadership contestant, as the case may be.*

(2) *For the purposes of this section, the use of goods in a 2nd or subsequent election is a non-monetary contribution.*

(3) *A campaign expense referred to in subsection (1) includes an expense incurred for, or a non-monetary contribution in relation to,*

- (a) *the production of advertising or promotional material,*
- (b) *the distribution, broadcast or publication of advertising or promotional material in any media or by any other means during a campaign period, including by the use of a capital asset,*
- (c) *the payment of remuneration and expenses to or on behalf of a person for the person's services as a chief financial officer or in any other capacity,*
- (d) *securing a meeting place, or*
- (e) *the conduct of election surveys or other surveys or research during a campaign period.*

(3) *In subsection (1), "expense incurred" means an expense that is incurred, whether it is paid or unpaid.*

For the purposes of a general election, a campaign period is defined in the EFCDA as:

1(1)(b) *"campaign period" means*

- (i) *in the case of a general election held in accordance with section 38.1(2) of the Election Act, the period commencing on February 1 in the year in which the election is held and ending 2 months after polling day,*



What is an election expense?

The EFCDA defines “election expense” as follows:

41.1(1) *In this Part, “election expense”, subject to this Part, means any expense incurred, or non-monetary contribution received,*

- (a) by a registered party, registered constituency association or registered candidate, to the extent that the real property, goods or services that the expense was incurred for, or that were received as a non-monetary contribution, are used to directly promote or oppose a registered party, its leader or a candidate during an election period;*
- (b) by a nomination contestant, to the extent that the real property, goods or services that the expense was incurred for, or that were received as a non-monetary contribution, are used to directly promote or oppose a nomination contestant during a nomination contest.*

(2) For the purposes of this section, the use of goods in a 2nd or subsequent election is a non-monetary contribution.

(3) *An election expense referred to in subsection (1) includes an expense incurred for, or a non-monetary contribution in relation to,*

- (a) the production of advertising or promotional material,*
- (b) the distribution, broadcast or publication of advertising or promotional material in any media or by any other means during the election period, including by the use of a capital asset,*
- (c) the payment of remuneration and expenses to or on behalf of a person for the person’s services as a chief financial officer or in any other capacity,*
- (d) securing a meeting space, or*
- (e) the conduct of election surveys or other surveys or research during an election period.*

(4) In this section, “expense incurred” means an expense that is incurred, whether it is paid or unpaid.





For the purposes of a general election, an election period is defined in the EFCDA as:

1(1)(f.1) “election period” means the period commencing the day the writ of election is issued for an election and ending at the end of the polling day;

Examples of Expenses that Span Campaign and Election Periods

Brochures

The cost of printing brochures for use during both the campaign period and the election period should be claimed in the period in which they are handed out. For example, if all brochures are handed out before the election period, the total expense will be a campaign expense. If the same brochures are handed out during both a campaign period and an election period then the cost should be attributed proportionately as both a campaign expense and an election expense.

Any undelivered brochures remaining from the election period would be considered an election expense.

Print Media Advertising

The cost of print media advertising (such as newspapers) that is purchased in a block for print media advertising that appears both during the campaign period and during the election period should be attributed proportionally between campaign and election expenses. The total cost to be apportioned between the two types of expenses should include any initial design or set-up fee.

Radio and Television Advertising

The cost of radio or television advertising that is purchased in a block for advertising that appears both during the campaign period and during the election period should be attributed proportionally between campaign and election expenses. The total cost to be apportioned between the two types of expenses should include the initial cost of creating the advertising (the production cost).



Billboards

The cost of billboard advertising that is purchased for a time period that spans both the campaign period and during the election period should be attributed proportionally between campaign and election expenses. The total cost to be apportioned between the two types of expenses should include the initial cost of creating the advertising (the production cost).

Yard Signs and Signs on Public Property

The cost of signage for a registered party or registered candidate is an election expense, notwithstanding that some signs may go up during the campaign period. The rationale behind this is that the primary use of signage is during the election period; even if some signage is put up early it is nonetheless targeted to have an impact during the election period.

For further clarity, the total cost of yard signs and signs on public property is recorded as an election expense only.

Valuation of Signs from Previous Elections

Election signage can be used for more than one election. However, for the purposes of recording election expenses, the used signs must be valued at the current, fair market value for new signs (i.e. current replacement cost) at each subsequent election and recorded as an election expense.

The replacement cost may be determined in several ways, with the more common methods being:

- recent invoice or quoted price; or
- the price of recent comparable sales.

The replacement cost includes all applicable taxes.

In the case of inventory purchases made within one year of the writ, the invoice price must be used.



Valuation of Other Materials Used in Previous Elections

To value other materials available for use that were left from a previous election, replacement cost must be used. All reusable materials from a previous election must be included. This price will vary across the province and depends on local supply, competition, and the party's ability to produce its own signs or secure salvage materials, for example, to construct signs.

Renting a Campaign Office

The rent negotiated for a campaign office must be at the going rate for that space as if it were being rented to anyone else in the community. If it is rented at a reduced rate, the discounted amount must be considered a contribution and must be acknowledged with a tax receipt for goods and services, which will count toward that contributor's contribution limit. A corporation or union must not gift or rent out a campaign office at below market rate, because to do so would be a prohibited campaign contribution.

Websites

If the registered party's website stays online during the election period, any design costs incurred within six months of the commencement of the campaign period and maintenance and hosting costs incurred during the election period are election expenses of the registered party.

All costs associated with the registered candidate's website, including design costs, maintenance and hosting costs are election expenses of the registered candidate.

Intellectual Property Assets of a Registered Party

A registered party may have databases that contain intellectual property created by the registered party (or one of their registered candidates) through surveys and research conducted prior to the election period. If the registered party (or one of their registered candidates) uses the data during the election period, the intellectual property is not an election expense. However, the cost of the systems used to store and process the information must be apportioned to their use during the election period as election expenses.





If the registered party (or one of their registered candidates) purchases intellectual property or contracts with a third party to create intellectual property and the registered party (or one of their registered candidates) uses the data during the election period, the intellectual property and the systems used to store and process the information are election expenses

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Under Review

