

Written Opinions, Guidelines and Interpretation Notes

The Chief Electoral Officer may issue guidelines and interpretation notes on the application of the *Election Act*, and *Election Expenses Act*, in accordance with clauses 3(2)(f) and 3(1)(h) respectively, to official agents, auditors, political parties, candidates, potential candidates and any of the officers thereof. This guideline and interpretation note has been compiled through consultation with Elections Canada and inter-jurisdictional sharing of best practices on common themes among election legislation and current political finance issues.

Guideline and interpretation notes provide guidance and promote consistency in the interpretation and application of the Act. However, they are for information only and do not displace any provisions of the Act. Such notes are subject to change with amendments to legislation. For any questions, please contact the Office of the Chief Electoral Officer.

Interpretation Note: 2025-v01

Leadership Contests – financial contributions

Issue

Elections PEI has received inquiries regarding the application of the *Election Expenses Act* as it may pertain to political party leadership contests and whether any of the current provisions of the legislation must be adhered to when receiving financial contributions from individuals for the purpose of the leadership candidates.

This interpretation note seeks to provide clarity regarding application of the definitions and specific sections of the *Election Expenses Act*.

Financial contributions for the purpose of leadership contest

Legal Framework

The relevant provisions of the *Election Expenses Act* in this context are as follows:

- Contributions are defined to include any money provided to a political party or candidate for the benefit of the political party or candidate [s.1(d)(i)]
 - Candidate is defined to mean a person who during the election period has submitted nomination papers to Elections PEI as required under the Act [s.1(c)]
 - Registered candidate is defined to mean a candidate registered under the Act [s.1(n)]
 - Registered party is defined to mean a political party registered under the *Election Act*
 - Contributions to registered parties and registered candidates may be made only by individuals who are ordinarily resident in the province [s.11(1)]
 - Contributions are subject to a contribution limit of \$3000, adjusted annually [s. 12.1(1)]
 - Contributions of more than \$25 made to a registered party must be issued an income tax receipt [s.11(2)]
 - Contributions made to an association or organization of a political party are contributions made to the political party [s.11(5)]
 - The Official Agent of every registered party shall file with the Chief Electoral Officer an annual record of contributions on or before May 31 [s.20(2)]
-

To the party -

An individual who is ordinarily resident in Prince Edward Island may provide a monetary contribution to a registered political party, through an association or organization of a political party for the purpose of holding a leadership contest. An association or organization of a political party is deemed to include a leadership committee responsible for the planning and holding of such events.

Any contribution over \$25 provided for the benefit of the political party by way of a leadership contest is eligible for an income tax receipt provided by the Official Agent of the political party. Contributions of this nature are subject to contribution limits and will count towards a contributor's annual aggregate contribution amount. These contributions are also reportable and subject to the political party's annual reporting requirements to the Chief Electoral Officer.

The *Election Expenses Act* does not speak to any other requirements for contributors other than being ordinarily resident in Prince Edward Island. For clarity, this means that a contributor does not have to meet additional criteria of being an eligible elector such as Canadian citizenship and specific age requirements.

To a leadership nominee –

The definition of candidate in the *Election Expenses Act* is specifically tied to the process of submitting nomination papers during an electoral event. Therefore, outside of any electoral event, the definition of “candidate” does not apply. As a result, any money provided by an individual to a leadership nominee is not considered a contribution, because it is not a contribution to a candidate as specifically detailed in this Act. These funds can be used by the leadership nominee for any costs associated with their participation in the leadership contest.

Since these monies are not considered contributions under the Act, they are unreportable funds provided from one individual to another, without restrictions on limits or citizenship/residency and age requirements. These are also not allowed to have an income tax receipt issued for them.

Additional questions received by Elections PEI

Q: Who may receive contributions during a leadership contest?

A: While the *Election Expenses Act* is silent on leadership contests as a whole, if an individual is providing a contribution to the party through a leadership committee to be used for holding the event, Elections PEI is advising to follow the standard practice set out in the *Election Expenses Act* and have all contributions received and recorded by the Official Agent of the political party.

Any money received by the leadership nominee themselves is not deemed a contribution as defined in the Act and therefore is not subject to the same receiving and reporting standards.

Q: Can the party charge a fee for applicants to enter a leadership contest?

A: This is up to the political party to decide. The *Election Expenses Act* does not regulate leadership contests and as such there are no defined rules.

Q: If the party chooses to charge a fee for entering the leadership contest, would this fee be considered a contribution to the Party?

A: Elections PEI does not consider the fee charged for entering a leadership contest to be a contribution. This fee would not count towards a contributor’s annual contribution limit as defined in subsection 12.1(3) of the *Election Expenses Act* and not exclude an individual from entering the leadership race due to the leadership fee putting them in excess of the annual contribution limit

This fee would not be subject to annual reporting requirements nor is it eligible for any income tax receipt.

Q: Are expenses related to holding the leadership contest considered an election expense and reportable to elections PEI (if held during an election period)

A: No, these administrative fees are not election expenses as defined by subclause 1(f)(ix).

Q: Please provide clarity around In-kind contributions to the party

A: Any contribution of goods or services for the purpose of the leadership contest are still considered a contribution with applicable limits and reporting requirements. These contributions must be given a fair market value and included on the annual reporting statement filed with Elections PEI.

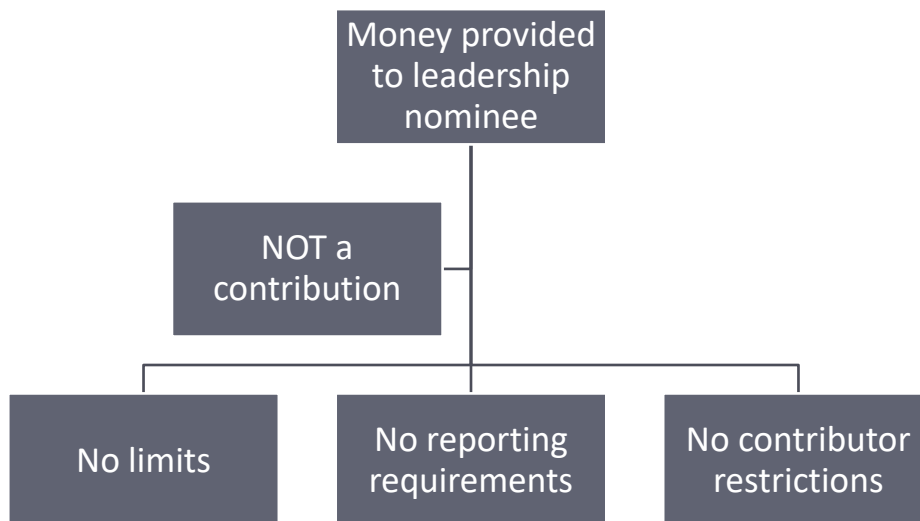
As in-kind contributions are still classified as contributions within the Act, contributor restrictions apply. Only individuals may contribute goods or services to be used for the leadership contest and the fair market value of these contributions will be added to the contributors aggregate annual contribution total.

Contributions coming from a business must be from a sole proprietor.

Example: An individual owns a bakery and wants to provide sandwiches for the leadership contest. The individual must be the sole proprietor of this business. The contribution in this case would go towards the owner's annual contribution total.

Flowchart explanations

Money provided to leadership nominee



Money provided to the party directly or through a leadership committee

