



Political Financial Activities Unit

Guidance Note: Campaign Expenses

Party Campaign Expenditure is regulated under Part V (s.39-51) of the Political Activities Ordinance (the Ordinance). 2016 is a designated election year for the TCI. As such under S.46 (7) of the Ordinance the relevant period in relation to the 2016 elections would be the 365 days prior to polling day. This guidance note and subsequent advice and guidance is provided to remind and assist the Registered Political Parties and possible Independent Candidates prior to the elections. It is part of the Integrity Commissions commitment to assist Political Parties and Independent Candidates and to help them comply with their statutory responsibilities in relation to campaign expenditure.

This guidance note will give you an understanding of the principles of party campaign spending and the rules you need to comply with. Spending by political parties and Candidates during the 2016 election period will be regulated by the Ordinance and there is a maximum amount that each party or candidate can spend. In accordance with Section 46(8) of the Ordinance, the limits are as follows:

- \$30,000 in relation to each electoral district contested by the party (of which there are 10)
- \$40,000 in relation to the all-islands district (of which there are 5)
- \$100,000 in relation to each of the parties leaders

Therefore, the maximum any party could spend during the election campaign is potentially a total of \$600,000.

Campaign expenditure by political parties cover those expenses incurred during an election campaign for election purposes. In 2016, this refers to expenses incurred by a party for the elections which are slated to be held in 2016. It can include items or services bought before the election period began, but which are used during it. It can also include items or services given to the party free of charge or at a non-commercial discount. A detailed list of campaign expenses is set out within Part 1 of Schedule 4 of the Ordinance. It includes the following:

- Party political broadcasts
- Advertising and publicity material
- Manifesto/party policy documents
- Transport
- Rallies and other events
- Temporary election staff

You must include all costs associated with each activity, this includes design and distribution costs of producing leaflets. You must also include overheads or administration costs which are associated with each activity. If you are entitled to party election broadcasts you must include any additional production or other costs incurred, which may have been associated with the broadcasts as campaign spending. You do not need to include the value of the airtime.

Election expenses are valued at either the actual expense incurred in respect of the purchase of the goods or services used; or, where goods or services are not used exclusively for election purposes, as a proportion of the total expense incurred determined by the proportion of the use of the goods/services for election purposes. Although the latter provision may require parties to make some calculations as to the proportion of the cost of an item that is to be treated as election expenses, we consider that this is important to ensure accuracy – a reasonable and honest assessment is required.

What doesn't count as campaign spending? There may be a number of expenses that are usually incurred by the party generally and therefore should not be included as spending for election purposes. The following does not count as campaign spending:

- Permanent or fixed term staff costs where the staff member has a direct employment contract with the party
- Ordinary office running costs, except costs that are higher than usual because of campaigning such as telephone bills

- You do not need to include volunteer time if their usual employer is not paying them for the time they spend on your campaign or they are using their annual leave

Notional Spending: This is the difference in value between the commercial rate, what a supplier would normally charge another customer for the same item or service, and the price you pay. You may find that you pay for items, services or activities at a lower cost than the commercial value. This may occur where for example, the supplier supports your campaign. In those circumstances, you must record the full commercial value of these items or activities in your election expenses return if:

- You receive them free of charge or at a non-commercial discount of more than 10% and;
- The difference in value between the commercial rate and what you pay is over \$200

If you receive a discount of 10% or less, or the difference in value is \$200 or less, you only need to record the amount you pay.

Recording and Submitting Returns: The party treasurer is usually responsible for making sure that the party follows the rules on campaign spending. You need to keep track of the party's spending because you must ensure the limits on spending are not exceeded and you must report to the Commission what you spend so that we can publish it. For each item of spending, you must record the following information to put in your spending return:

- What the spending was for – leaflets or advertising etc...
- Name and address of supplier
- Amount or value
- The date you spent the money

You must report your campaign spending to the Commission after the election and it should include the following:

- Details of your spending
- Invoices and receipts for items over \$200
- Declaration by treasurer that the return is complete and correct

Receipt and Payment of Claims (Invoices): Section 44 of the Ordinance sets out the relevant timescales for the receipt and payment of invoices relating to election campaign expenditure. You must obtain all your invoices from suppliers within 30 days of the election date and ensure all invoices are paid within 60 days of the election date. For the purposes of the 2016 election, that is:

- Obtain all claims/invoices by Polling day + 30 days

- Payment of all claims/invoices by Polling Day + 60 days

This is important because payment of invoices which are received or paid outside the specified periods may be an offence under Section 44(3) – it is important therefore that the above time periods are adhered to concerning the receipt and payment of invoices. Further, if you do not pay an invoice within 60 days, you must then get a court order to be able to do so subsequently.

Forms: The Commission has drafted appropriate forms and worksheets which must be used for reporting campaign spending. To assist, explanatory notes are also provided. The forms can be completed and submitted electronically – a signed hard copy must also be submitted to the Commissions offices.

Deadlines: The date by which you must report to us depends on how much you spend on your campaign. All political parties that put forward candidates at the November election must submit a campaign expenditure return within three months of the election if their campaign spending was \$250,000 or less, or within six months if their spending was over \$250,000 (in which case an audited report is required). The dates for submission are therefore as follows:

- If campaign spending was \$250,000 or less – Polling Day + 90 days
- If campaign spending was over \$250,000 – Polling Day + 180 days

Should you wish to contact the Commission in relation to campaign expenses, you can do so by using the following contact details:

General: 946-1941, 941-7847 or 338-3335, Richard Been or via e-mail: deputydirector@integritycommission.tc or secretary@integritycommission.tc

Integrity Commission
Franklyn Missick's Building
Church Folly
Grand Turk,
Turks and Caicos Islands
- or -
Suite 206 Cabot House
IGA Plaza
Leeward Highway
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Note: These guidance notes are issued to assist political parties and candidates in complying with their obligations under the Political Activities Ordinance. They are not intended to supersede the Ordinance and Regulations and in the event of any inconsistency, the Ordinance and Regulations prevail. This also applies to any future guidance notes provided by the Integrity Commission